

# FINANCIAL TIMES

Start the week with...



United Nations US banking

After 50 years: where next?

Paul Hazen and Wells Fargo

FT guide to... discrimination



Today's surveys Germany North Carolina

MONDAY OCTOBER 23 1995

## to meet grade for WTO membership

The US has accused China of falling far short of the requirements for membership of the World Trade Organisation and has said Beijing needs to negotiate more constructively if progress is to be made on its stalled application to join the WTO. US trade representative Mickey Kantor said that the world's leading trading powers were "deeply concerned about China's failure thus far to meet even the minimum criteria" for WTO entry. Page 20

Advanced Micro Devices, the fourth largest US chipmaker, is to acquire NexGen, a small microprocessor developer, in a stock deal valued at about \$860m. Page 21

Dini faces no-confidence vote: Italian prime minister Lamberto Dini faces a no-confidence motion, brought by the rightwing alliance headed hy former premier Silvio Berlusconi, with only a limited chance of survival. Page 20; New period of instability. Page 19

German Greens make election gains: Germany's environmentalist Greens could hold the balance in Berlin's next city government after the Social Democrats suffered heavy losses and the liberal Free Democrats failed to win enough votes for re-election to the city's parliament. Page 2

Japanese protesters target US: Japanese prime minister Tomiichi Murayama will hold emergency talks on how to defuse a surge of protests against US forces in Japan following a rally hy 58,000 residents of Okinawa against the alleged rape of a schoolgirl by three US servicemen last month,

Hanson, the Anglo-American conglomerate which paid £2.5hn (\$3.8hn) for the UK regional electricity group, Eastern, is seeking to raise £1.5hn in the international syndicated loans market, Page 22

Deutsche Morgan Grenfell, the German merchant bank, has approached international investors to sell \$50m of proxy shares in giant Russian company Gazprom, which controls one third of the world's known gas reserves. Page 23

Cable and Wireless Europe, the

Anglo-German telecommunications group, wants to join a global telecoms alliance planned by US computer group IBM and Italy's state-controlled telecoms holding company Stet. Page 23; Lex. Page 20 Leaders avoid Falklands Issue: President

Carlos Menem of Argentina will avoid the issue of Falkland Islands' sovereignty when he meets the British prime minister John Major in the first formal encounter hetween leaders of the two countries since the 1982 Falklands conflict. Page 5

Sacked Alitalia chairman to stay: Roberto Schisano will stay on as a director of loss-making Italian state airline Alitalia, in spite of the decision by the board to strip him of his powers. Page 2

financial markets face a turbulent week amid signs that Quehec separatists will put in a strong showing in next Monday's independence referendum.

Swiss stick with coalition: Swiss voters opted for stability in national parliamentary elections. returning to power a four-party coalition that has governed since 1959. Page 3

**Novelist Kingsley Amis dies:** 



British novelist Sir Kingsley Amis died in London, aged 73, Sir Kingsley was a leading literary figure since the publication of his first book, Lucky Jim, in 1954 He wrote more than 20 novels and six volumes of verse. In 1986 he was awarded the Booker Prize for his novel. The Old Devils, which was later adapted for the

stage, Ohituary, Arts, Page 17

Schumacher clinches championship: Michael Schumacher confirmed his second world drivers' title when he won the Pacific Grand Prix in Japan. The German, driving for Benetton, finished ahead of British Williams' drivers David Coulthard

European Monetary System: There was no change to the order of the currencies in the EMS grid last week, but the spread between strongest and weakest currencies rose by more than one percentage point due to political concerns in France and Italy which drove many investors to buy D-Marks. Currencies, Page 29

October 20, 1995 B. Franc D. Krone F. Franc

The chort shows the member currencies of the exchange rate mechanism measured ogninst the weakest currency in the system. Most of the currencies can fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a narrow 2.25 per cent band.

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# US says China fails | Singapore takes firm line over Barings charges

By Nicholas Denton in Singapore Prosecutions will go ahead if substantive evidence found

Singapore has signailed it will take a determined line with forwas originally seen as the fault of a "rogue trader". Mr Nick Lee-son, who brought down the bank with \$1.3bn of losses on futures mer Barings executives who, lt was alleged last week, covered up unauthorised trading in the month leading up to the UK merchant bank's collapse.

Mr Richard Hu, the finance minister, said in a weekend interand options dealing in the Far East. Singapore, which is close to ohtaining his extradition from view Singapore would pursue charges against the British exec-utives if substantive evidence Germany, is examining whether other, more senior, executives

were involved. against them was discovered. Singapore's commercial affairs We have never held back from department (CAD), which proseprosecuting an individual, whether he is a Singaporean or a cutes economic offences, has stepped up its investigations, It

foreigner," be said. The collapse was originally seen as the fault of a "rogue trader". Mr Nick Lee-Bax, regional manager for Southeast Asia at the time of Barings' failure, and Mr Simon Jones, operations manager for the region at the time. Mr Bax, who was due to leave Singapore this month, has been asked to remain. Mr Hu also singled out Mr

Peter Norris, former chief executive of Barings investment bank, who is in the UK. Mr Hu said: "It would be very difficult to believe senior Barings executives, partic-

ularly Mr Norris and the financial controllers in London, knew nothing of the potential for collapse." The finance minister said Singapore, which has clashed with the US and other countries on the rigour with which it applies local law against foreigners, would not shrink from extradition proceedings if necessary. "I don't think the British government would expect us to pull back for political reasons."

He said he was drawing only

The European Commission has

ruled out a significant increase in

the European Union budget to

cope with enlargement east-

An internal Brussels review

has concluded that it would be

impossible on financial and polit-

pore inspectors' report on the col-lapse, published last Tuesday. Investigations by the commercial affairs department, prompted by leads in the report. do not imply

charges will be brought. The executives deny the report's central allegation: that they conspired to conceal a £50m unauthorised trade by Mr Leeson a month before Barings - now owned by the Dutch bank, ING -failed. Mr Norris said the inspectors' conclusions had no basis in

fact and the inspectors them-

cannot grow to

ment letter prepared by Barings auditors, Coopers & Lybrand.

He said, according to the report, that such a mention was likely to cause Baring Futures (Singapore), the husiness headed by Mr Leeson, problems with Simes, the exchange on which it

selves said they relied partly on "conjecture". However, according

to the inspectors, Mr Bax did ask

that the £50m discrepancy not he mentioned in the audit manage-

traded. The commercial affairs department will also have the opportunity to ohtain more evidence



US president Bill Clinton greets Boris Yeltsin, centre, and Jacques Chirac, his Russian and French counterparts, at the start of the UN's fiftieth anniversary celebrations in New York

## World leaders clash at UN anniversary celebrations

By Michael Littlejohns and Quentin Peel in New York

Sharp disagreements emerged yesterday hetween the world's leaders, including President Boris Yeltsin of Russia and US President Bill Clinton, when they gathered in New York to celehrate the 50th anniversary of the United Nations. Mr Yeltsin strongly attacked

the US-led plans for a peace implementation force in Bosnia, to be commanded by Nato, and Nato's plans for enlargement of its memhership to include the new democracies of central and eastern Europe. Mr Clinton clashed in turn

with President Fidel Castro of

UN for the first time since 1979. attacking his government for rejecting democracy.

Mr Castro denounced Washing-ton for its trade embargo on his country, and criticised all nuclear powers, as well as the "reckless consumerism" of the wealthy industrialised states.

Japan and New Zealand attacked France and China both hy name and by implication - for their continued nuclear testing in Asia and the Pacific. Leaders of developing countries

and the smaller member states of the UN demanded sweeping reforms of the institution to reduce great power dominance in the security council, and pressed for its expansion to include new Cuba, attending a meeting of the permanent members from Africa,

Boutros Boutros Ghali, the UN I the second higgest item of expensecretary-general, issued an urgent appeal to all member states, and to the US in particular, to pay their outstanding financial contributions to save the UN from imminent bank-

ruptcy.
The divisions underlined the degree of disharmony prevailing in the world body, although memhers were united in emphaalsing the critical importance of the UN to maintaining world peace, and alleviating suffering.

Continued on Page 20 World's leaders put themselves in the picture, Page 6 Time to correct the UN's weaknesses, Page 19

#### ical grounds to offer equal levels of regional aid for future EU members members such as the annually through the EU's Phare Czech Republic and Poland to aid programme, the chief finanthose received by the existing poorer members of the Union. cial instrument for assisting central Europe. Mrs Monika Wulf-Mathies, The Commission favours regional affairs commissioner. instead lengthy transition arrangements which would limit has indicated that it is neither the initial amounts of Brussels affordable nor manageable in the funds. These would underpin a new EU budget deal satisfying at contributors such as the UK and Germany, as well as net short term to extend the same proportion of regional aid to centra and castern Europe. Her argument is that their administrations and economies heneficiaries such as Spain, Greece, Portugal and Ireland.

The Commission's approach marks the first signs of how the su intends to tackle the chal lenge of expansion to embrace the former communist countries of central Europe, likely around

the turn of the century.

Regional aid - which is known as structural funds accounts for a third of the EU's budget and is intended to help weaker member states cope with the single market. The funds are Studies in Brussels last week. revealed that her department was

cultural Policy, and are expected to rise to Ecu31bn (\$40,2hn) by

pay for expansion

If the present policies were extended to the poorer economies of central Europe, the EU hudget would have to rise by an additional Ecu38hn, according to internal Commission projections. This would he a huge leap beyond the Ecul.2hn disbursed

could not absorb the funds, but there are concerns that member states are unwilling to pay the money that would ensure equal treatment for the new entrants. The aim, Mrs Wulf-Mathles said, should be "gradual" incor-

poration of the new member states towards "the political goal of equal treatment" with the poorer EU member states. Mrs Wulf-Mathies, speaking at the Centre of European Policy EU expenditure devoted to regional aid would remain at around 0.4 per cent of EU gross domestic product for the next 10 years. This was partly in deference to complaints from net contributors such as Germany, the Netherlands and the UK that they are paying too much to

To illustrate the problem of extending equal treatment for the east and south, the Commission has drawn up figures which show that Greece, the poorest member of the Union, receives Ecu400 per person annually in regional ald, or between 5 and 6 per cent of its gross national product.

Extending the same criteria to poorer countries in eastern Europe would mean that regional aid contributions would amount to 7 per cent of GNP in Slovenia, 13 per cent of GNP in the Czech republic, and 34 per cent of GNP in Bulgaria and Romania.

The Commission is due to report on the effectiveness of the structural funds and the so-called "cohesion policy" next year. Final proposals for a new EU

hudget deal to cope with enlargement are due to be unveiled at the end of the intergovernmental conference to review the Maastricht treaty in a series of meetings which are likely to end in

## Czech mate moves to back seven mystery companies

By Anthony Robinson in London and Vincent Boland in Prague

The Czech rapublic's mass privatisation strategy has been boosted by a \$140m investment in seven quoted Czech companies by Stratton Investments Ltd, a new private investment firm owned hy Mr Michael Dingman. who made a personal fortune building industrial conglomerates in the US.

The Identity of the seven companies will be revealed after their managements have been informed of their new major shareholder, according to Mr Daniel Arbess, the Prague-based former head of the privatisation division of White and Cese, the

international law firm, who leads the new investment firm. The shares were sold to Stratton by Harvard Fund, the Czech investment fund set up hy Mr Victor Kozeny. The sale agreement gives Harvard a 10 per cent

interest in any future rise in the value of the shares sold. Mr Kozeny, who like Mr Dingman is Bahamas-hased, ploneered Czech funds and persuaded Mr Dingman that the new investment firm, which plans similar "hands-on" invest-

ments in other former commu-nist states, should be launched in the Czech republic. "Buying shares in the seven Czech companies marks the first significant external purchase of

multi-block transaction. It breaks open what has hitherto been an insiders market," Mr Arbess said.

The new investment is expec-ted to gaivanise the Prague standing of Mr Vaclav Klaus, the prime minister, who was the main architect of mass privatisation and is standing for re-election next year.

Until now, shares in the over 1,800 privatised Czech companies have been held mainly by inex-perleaced and illiquid Czech investment funds who traded shares among themselves.

\$140m investment, Page 21

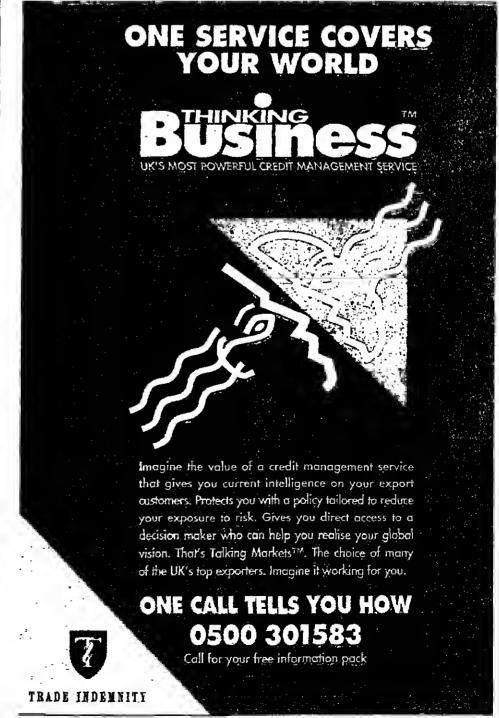
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© THE FINANCIAL TIMES LIMITED 1995 No 32,813 Week No 43 LONDON - LEEDS - PARIS - FRANKFURT - STOCKHOLM - REW YORK - LOS ANGELES - TOKYO



# Greens rise, SPD falls in Berlin poll

By Judy Dempsey in Berlin

Germany's Party of Democratic Socialism (PDS), the successor to the former East German Communist party, and the environmentalist Greens yesterday made sweeping gains in Berlin's city elections while the Social Democrats (SPD) suffered heavy losses and the liberal Free Democrats failed to win re-electioo to the capital's parliament.

But Chancellor Helmut Kohl's conservative Christian Democrats (CDU) yesterday said they were confident they would form another "grand coalition" with the SPD, although they would face formidable opposition

from the PDS, now Berlin's third largest party, and the Greens.

According to projections by ARD and ZDF, the two state television networks, the CDU polled 36.9 per cent, nearly four percentage points lower than in 1990, while the SPD's share of the vote fell sharply from 30.4 per cent to 23.8 per cent. The FDP's vote collapsed to 2.1 per cent, a decline of nearly five percentage points from 1990 and far below the 5 per cent minimum required to enter the city's parliament.

The poor SPD result is likely to increase pressure on its leader. Mr Rudolf Scharping, to sharpen the par-ty's profile on the oational level. or

even resign. SPD officials last night had blamed the internal divisions within the federal party organisation for its poor showing in Berlin.

The collapse of the FDP vote is the party's 12th defeat in state elections over the past two years. It is a bitter blow to Mr Wolfgang Gerhardt, recently elected head of the FDP, and a personal defeat for Mr Gunter Rexrodt, the economics minister and head of the FDP in Berlin. Mr Rexrodt last night said he would remain as economics minister but would consider giving up his party post in Ber-

The FDP's defeat is also a disappointment for Mr Kohl, as he relies on

partner and with them enjoys only a majority of 10 seats in the Bundestag, the parliamentary lower house.

But it was the success of the PDS which proved the greatest upset for the established parties. It polled more than 14.6 per cent city-wide, compared with 9.2 per cent in 1990. But in east Berlin it gained 35 per cent of the vote and is now the largest party in this part of the city, confirming that the German capital is still politically divided, if not polarised, five years after reunification.

The Greens, who say: their vote rise from 9.3 per cent in 1990 to above 13 per cent, were last night tempted to

the liberals as his junior coalition consider a coalition with the SPD. Together they have 70 seats of the Berlin parliament, one more than the CDU. But the Greens last night said the poor showing of the SPD probably ruled out such a coalition since it would depend on support from the PDS, which many west Berlin SPD deputies would oppose.

An SPD Green coalition also exists in the eastern German state of Saxony Anhalt, but only with the support of the PDS.

Mr Eberhard Diepgen, the mayor of Beriin and the CDU's leading candidate. last night said he would co-operate with the SPD rather than go into opposizion.

tion which includes the Social-

ists, has expressed its support for the proposals. Local

empioyers have also weicomed

Mr Pedro Solbes, the Spanish

finance minister, described the initiative as "completely con-

rary to a reasonable course".

The planned new rates, due

to take effect next year, will

apply to companies that are

either locally based or have at

east 25 per cent of their ectiv-

ity in the region. The initiative is backed by local representa-

tives of the Popular party, the

The 35 per cent corporate

main conservative opposition.

rate is maintained in the gov-

ernment's 1996 budget bill.

which is due for its first read-

ing in parliament on Wednes-

day and is likely to be rejected

following the government's loss of support from Catalan

nationalists. This means the

current budget will be

extended into next year, with

ire more.

## Bus passes and bribes as Russian parties line up

By John Thornhill in Moscow

Abont 40 political parties representing views from Moslem revivalists to communist revanchists were last night expected to have gathered enough support to contest Russla's parliamentary elections nn December 17.

But the head of Russia's central electoral commission said the registratinn process had been marred by gross viola-tions, including brinery and intimidation. Each perty had to collect 200,000 signatures by yesterday's deadline to qualify to run in the elections, seen as a critical test of Russia's nascent democracy.

Mr Nikolai Ryabov, the commission's chairman, said one party had tried to collect signatures by selling subsidised hus passes while another attempted to boost its popularity hy claiming - falsely - that it had been endorsed by the bead of Moscnw's circus. Potential signatories bad also complained of intimidation at their wnrkplaces and overt

bribery.
"We have sent some complaints to the Interior Ministry and they will take sanctions," Mr Ryabov said at the week-

The official list of qualifying parties will be published on November 1. signalling the start of the election campaign for the 450-seat State Duma, the lower chamber of parliament. Half the deputies will be selected from the most popular parties' lists, with the rest being directly elected in sin-

gle-mandate constituencies. The Communist party, headed by Mr Gennady Zyuganov, and the nationalists grouped around the chariematic former army officer. General Alexander Lebet, are expected to do particularly

well in the election. But support for the extreme nationalist Liberal Democratic Party of Russia, headed by the contraversial Mr Vladimir Zhirinovsky, appears to be fad-ing. The LDPR did surprisingly well in the previous par-liamentary elections in 1993 and currently forms the big-gest faction in the Duna.

One party said the head of Moscow's circus endorsed it

Russia's liberal reformers have divided their support among many smaller parties dominated by powerful egos. But the emergence of a moderate reformist bloc, Our Home is Russia, led by Mr Victor Chernomyrdin, the prime minister, could bring stability to the centre ground of Russian

politics. Political analysts suggest the elections will be an important test of the country's mood but may have only a limited impact on government, given the president's strong executive powers. Elections for the presidency will be held next

Mr Anatoly Chubais, the first deputy prime minister and standard-bearer of Russia's economic reforms, said at the weekend the duma's political content would not change

## Ousted Alitalia chief set to stay on as director

Mr Roberto Schisano intends to stay on as a director of Alitalia, the loss-making Italian state airline, in spite of the decision by the board last week to strip him of his powers.

The former chief executive lost the confidence of iri, the state holding company which controls Alitalia, after failing to solve a vear-long industrial dispute and to meet the objectives laid out in his own restructuring plan.

"I don't think I'm going to resign for the time being." Mr Schisano said after the board's decision. 'I want to make sure that the best interests of Alitalia are protected, for the company, its personnel, its shareholders and everybody concerned.

The board voted to transfer Mr Schisano's extensive executive powers to Mr Renato Riverso, the chairman, who joined Alitalia at the same time as Mr

Schisano in February 1994. It also set up a four-man executive committee, from which Mr Schisano is excluded. It is believed that unless the board resigns and calls a shareholder meeting to vote on new directors, it cannot expel Mr Schis-

His continued presence on the board could be a thorn in the side of Mr Riverso, who vowed last week to rebuild the "climate of mutual trust and co-operatioo" at the airline, It is understood that a majority of directors, appointed by Iri. voted to strin Mr Schisano of his powers, while two indepen-

den: directors supported him. The board meeting oo Thursday, which lasted five bours, was dominated by a long presentatioo by Mr Schisano, a former executive at Texas Instruments of the US, on the progress of the restructuring olao. He says the plan has not been knocked as far off course as Iri ciaims.

"The strategies we are implementing are the correct ones so it seems somehow difficult to understand why the team that is doing all this remains in place, except for the man who has put the plan together." Mr Schisano said.

Iri's chairman stressed last week that Mr Schisano's departure was not a result of government pressure. But the demotion of the chief executive could backfire on Iri and Alitalia if the unions take it as a signal that the government, rather than management, is now calling the shots at the airline. Their dispute has yet to be resolved.

Separately, a shareholder meeting at Aeroporti di Roma. the former Alitalia subsidiary which runs Rome's airports, is expected today to replace Mr Antonio Cuccurullo as chief executive, Like Mr Schisano, Mr Cuccurullo left Texas Instrumeots to join Aeroporti di Roma.

## Basque region's tax cut plans embarrass Madrid

By David White in Madrid

The Spanish government's budget headaches risk heing aggravated ov moves in the Basque region to undercut the rest of the country on company

The threat of internel tax competition comes as the minority Socialist administration braces itself for rejection of its 1996 hudget in parliament this week

A new hattlefroot has been opened by the announcement of a draft tax plan by the provincial council of Vizcaya, one of the three small provinces that make up the self-governing Basqoe region.

The Basque country and neighbouring Navarre are the only regions of Spain which raise taxes themselves instead of receiving funds from the central government. In the Basque case, responsibility for tax collection is vested in the separate provinces, an arrange-

ment based on ancient privileges suppressed during the Franco dictatorship. Vizcaya, which includes the

industrial port city of Busso, is the main stronghold of the Basque Nationalist party (PNV). In an attempt to stimulate new investment, the PNVled provincial council plans to set a standard corporate tax rate of 30 per cent, below the national rate of 35 per cent. Further reductions to 25 or 25 per cent are envisaged in the case of very profitable compa-

The plan, which includes a series of other tax incentives. is simed at offsetting the decline of traditional steel. shipbuilding and heavy engineering industries as well as the negative impact of terrorist activity in the region.

The other Basque provinces of Alava and Guipizcoa are studying similar measures. The regional government, headed by the PNV in a small-

EUROPEAN PRESS REVIEW

## Newspapers respond in kind to Claes's criticism

BELGIUM By Caroline Southey

some updating.

Mr Willy Claes Identified a second enemy within Belgian society as he lashed out at the justice system during his final speech as secretary general of

The presumption of innocence remained one of the principles of a democratic state, he said. "Nonetheless from experience I know that a politician accused is thenceforth consid-

ered to be guilty." He immediately went on to blame the press. "There is no doubt that in the Belgian press there were several journalists who played the man and not

the ball, be said. Newspaper editors did not take kindly to the jab and this weekend showed few signs of contrition. Torn between fear that Mr Claes's shame would in turn invite shame on Belgium and anger that he had taken so long to go, and then gone with such fanfare, they had few kind words for him.

Not even Mr Claes's Flemish roots came to his rescue. Most of the Flemish newspapers, except most notably the provincial paper in Limburg where he served as a Socialist member of parliament for 30 years, found common cause with the French dailies.

Newspapers devoted large amounts of space to Mr Claes as the drama unfolded last week. The media circus began in earnest the weekend before last when a parliamentary panel voted to lift Mr Claes's immunity so that he could face charges of corruption, fraud and forgery in connection with a hribery scandal involving the Italian belicopter maker

De Morgen, the leading Flemish socialist paper, commented caustically that the hlanket coverage of the Claes affair was in danger of presenting simplifications rather than the

But the story took on a different dimension when, on Thursday night, the parliament confirmed the panel's decision. By Friday afternoon Mr Claes had announced his resignation

Le Soir, the leading right-ofcentre French-language daily, welcomed the fact that the case was now outside the political arena and in the hands of the court. But in its weekend editions, it observed that Mr Claes changed from "a lamb into a wolf" on Friday by turning against his native Belgium in front of a mass of journalists from around the world.

The resignation, in front of journalists who had come from the four corners of the earth, "was a sad development" and

"does not add to our credit", it

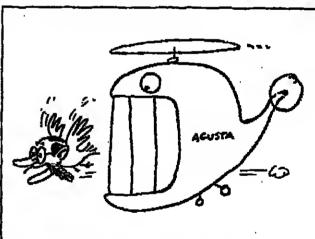
Bitterly suggesting that this was perhaps not the right time to begin an attack against a system that had been in place for 30 years, the newspaper threw down the gauntlet. Instead of attacking the imperfections of the Belgian state. should Mr Claes not have used his power to change the sys-

tem? Why had he waited until

appointed Mr Claes in September last year.

"How can it be that Willy Claes could go to this job without any apparent difficulties at a time when, although his party was not yet cited in the Agusta file, the name of the former minister had already

However, one lone voice of unquestioning solidarity rang out. Het Belang van Limburg.



La Libre Belgique sees a high-flyer brought down

he was out of the system to attack the fundamental rules

of the society? La Libre Belgique, the French-speaking newspaper with a strong Catholic flavour, pointed out that under normal circumstances politicians in trouble were hrave and decent enough to resign so that they could face the charges without troubling the life of the government. Mr Claes, it said, did not.

L'Echo, the main financial daily, accused Mr Claes of an "unforgiveable error". By staying on in his prestigious job he had threatened his own credibility and that of his country.

Het Volk, the Flemish daily, pointed out that nobody knew whether he was guilty or not. But, the paper felt, Mr Claes must have known. If the chamber of deputies sends him to court, it said, it is because he should have known there was a problem with the Agusta con-

The Gazet van Antwerpen concurred that parliament had taken a logical and inevitable decision. "They had no other choice hut to send him to court," it said.

But De Morgen came to his defence: "Willy Claes was not completely wrong when he saw an injustice of the first order in this affair." It went on to point out that the court could have put together a similar large dossier on others in relation to the payments made to political parties at the time.

De Standard, the largest Flemish daily, turned its anger oo Nato. The alliance had made a "rash decision" when it

an influential provincial paper in Flanders, headlined its editorial: "Torture of one genera-

tion". "He was a rare Belgian," it said, who had succeeded where Jean-Luc Dehaene had failed, by heing recognised on the international stage. The story of Willy Claes was not about the fall of only one Belgian politician. "It tortures an entire generation of politicians which has participated in the insane game of the party's finances."

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## **LET'S TALK BUSINESS!** PAKISTAN OFFERS UNMATCHED INVESTMENT INCENTIVES



AT BIRMINGHAM, UNITED KINGDOM

now offering even more lucrative investment incentives.

Pakistan is now poised to receive mega doses of investment. The Board of invastment, has organised an investment conference in Birmingham to provide an opportunity of face-to-face meetings between Pakistani, overseas Pakistanis & British entrepreneurs. The constellation of investors would discuss investment in Pakistan. The conference is an ideal forum match-making also.

## PROGRESSIVE POLICIES INCLUDE:

## LIBERAL ECONOMY

- Free movement and exchange of foreign currencies
- Foreigners' free access to Pakistan's capital markets; no restriction on repatriation of principal, dividends, and profits
- No limits nn the equity ahare held by foreigners in companies; no apecial
- requirements for having joint ventures with Pakistanis 3 Statutory provisions guard against expropriation or any other action harmful to the

## ATTRACTIVE FISCAL INCENTIVES

- Tax holiday
- Special industrial zones B Exemption of duty on import of machinery

## OTHER FACILITIES

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return coalition

that has governed since 1959.

analyst said on Swiss televisioo.

divided over the questioo.

The Swiss again voted for stability in national parliamentary elections yesterday, returning to power a four-party coalition

Early voting returns indicated only marginal changes in the coalition parties' relative strengths. The two centrist parties appeared to bold their ground in the 200-seat lower house,

while the left-wing Social Democratic party and the right-wing

"The clear position the Social Democrats and the People's party took on the European question belped them," a political

The Social Democratic party, which favours Switzerland

joining the European Union, raised its vote in the cities, while the People's party, which opposes EU membership, increased its standing in rural areas, especially in German-speaking cantons. The government's official policy is that Switzerland

should one day join the EU, but no timetable has been set

because opinioo surveys show that people are still sharply

Under Swiss practice, parliament elects the members of the seven member federal council or cabinet. No change is

expected in the membership or the so-called "magic formula"

Greek highway project manager

The Greek government has selected Brown & Root Civil, the

UK-based project managers, to oversee a \$3.5bn (£2.25bn) project to build a toll highway across northern Greece to the

Turkish border. The 680km Egnatia highway, which would

partly follow the route of an ancient Roman road across the Balkans, is the largest road project in Europe. Brown & Root will set up and run a state-owned company,

Egnatia Odos, that will build and operate the highway, which

will link the port of Igoumenitsa in north-western Greece with Alexandroupolis in Thrace. Construction is expected to start

The appointment of a project manager opens the way for

European Union for the highway project and apply for soft loans of up to \$1.2bn from the European Investment Bank. Under new EU rules, the Greek public works ministry is required to install project managers for hig infrastructure

Brown & Root would also undertake to raise additional private sector financing totalling about \$700m for the highway,

as the Greek state contribution would not suffice to cover the

Amendment for French budget

France's National Assembly proposed an amendment to the 1996 budget bill over the weekeod after a heated debate oo receipts, proposing a central government budget deficit

FF72.8bn (£354m) lower than originally targeted.

The lower house of parliament said the proposals, to be put to a vote tomorrow and then passed to the Senate towards the

eod of November, would cut the deficit to FFr286.9bn from FFr289,7bn. The 1995 ceotral government budget deficit, which is separate from the troubled social security accounts, was

...Financial markets have been worried recently about the government's ability to achieve its target of redocing the total public deficit to 4 per cent of GDP next year and 3 per cent in

NF may lose Toulon mayoralty

Erance's far-right National Front risks losing the city of Toulon, its higgest success in municipal elections held last June, because of allegations that the mayor broke a technical

laws has complained that Mr Jean-Marie Le Chevalier

infringed the law by letting his campaign treasurer run for

The national body which supervises French political funding

Some 134 other local politicians, belonging to all parties, are

also in trooble for breaking the rule that campaign treasurers are oot eligible for election. But the Touloo case is the most sensitive because it involves the National Front, and the most

controversial because its treasurer, a Mr Jean-Claude Poulet Dachary who won election on Mr Le Chevalier's list, died in

E Europe environment meeting Environment ministers from 55 European countries and leading industrial countries meet in Sofia today to try to

sustain the flow of western aid to clean up east and central The three-day meeting, the third under the Environment for

The conference will also discuss the work of the international lending ageocies, such as the World Bank and the European Bank, which have been funding clean-up

A draft set of priorities prepared by officials puts the

include action to raise energy efficiency, combat global warming, reduce transport pollution and improve water

collation of information on the state of Europe's environment, and the integration of environmental considerations into decision-making at the top of the list. Other recommendations

David Lascelles, Resources Editor

projects in waste and water management.

Europe initiative, will have little new mooey to give away. But ministers hope to generate action in other ways through policy reform, institutional strengthening, and involving the private sector more closely in the work. Leading businessmen have been invited to participate in selected sessions.

The campaign finance body's complaint will now go before a

Greece to draw down at least \$1bn in grants from the

works before Brussels can start disbursing funds.

next year and take six years to complete.

remaining costs.

fixed at FFr322bn.

1997, from 5 per cent this year.

aspect of the campaign finance law.

election on his National Front list.

late August in mysterious circumstances.

Ian Rodger, Zurich

which provides for a balance of members of the coalition

parties and representatives from the three main linguistic

Swiss People's party were each poised to gain two or three

CALTCABER 23 1995

and said it referen

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Free Zone Administration Galati - Romania - located in Galati, A1.1. Cuza Street, Cristal Block, is organising an open auction for the concession of lands for production, trade, banking, service and storage activities on a total surface of 1,300,000 sqm. The auction will take place on the 23rd of November, 1995, 11 o'clock local time.

The application should contain the following information: The name and the address of the company, accompanied by a detailed presentation of the company;

The surface required;

The activities for which the concession is required; The duration for which the concession has been requested.

The deadline for letters of application is November 20, 1995, at

the Free Zone Galati headquarters.

The tender documentation and other information are available at Free Zone Administration headquarters between

8 - 16 hours or at the following oumbers: 40-36-411222; Fax: 40-36-414929

#### **NEWS:** EUROPE

EUROPEAN NEWS DIGEST

## Walesa fights to retain voters' affection Swiss voters

recovery as he campaigns for a second term, in an election which shows that the dividing lines in Polish society between the anti-communist Solidarity

movement and the former Communists still run deep. As the first round election on November 5 approaches it is becoming clear that the legeodary 52-year-old former Solidar-ity leader continues to exercise a hold over his one-time supporters, in spite of a big fall in popularity during his five-year presidency.

Although the Walesa bandwagon is accelerating, the youthful 41-year-old Mr Aleks-ander Kwasniewski, his main rival and head of the former communist Left Democratic Alliance (SLD), is still ahead in the polls. The publicly funded CBOS polling organisation gives him 27 per cent support against 22 per cent for Mr Walesa in its latest poll. This is enough to ensure that he will emerge as the man Mr Walesa will have to beat in the second round two weeks later, in a final contest whose result promises to be close.

The jump in Mr Walesa's sopport to 22 per ceot bas sown confusion in the camps of rival contenders for the nontunist or anti-communist vote such as Mr Jacek Kuron. former dissident and labour

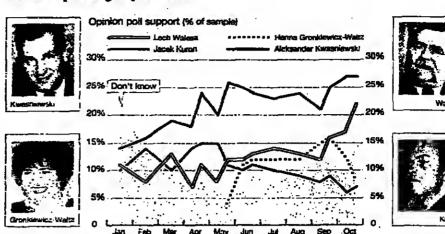
Polaod's President Lech minister, and Ms Hanna Gron-Walesa is stagiog a kiewicz-Waltz, head of the ceo-tral bank. Seeing support for tral bank. Seeing support for Mr Walesa ebbing, Ms Gron-kiewicz-Waltz and Mr Kuron earlier hoped to grab the Solidarity mantle and save the cause by running a victorious campaign against the SLD. The election is crucial to the political future of the disparate and contentious Solidarity camp.

The parties with their roots in the Solidarity movement risk being marginalised if the former Communists win. The latter already control the gov-ernment and parliament in coalition with the Peasant party (PSL), after their 1993 electioo triumph, when 30 per cent of the votes were wasted on various right-wing candidates who failed to leap the 5 per cent hurdle needed to eoter parliament.

But Mr Walesa is again proving wrong those who thought his star had waned. Out oo the campaign trail to the staid industrial town of Bydgoszcz last week he atteoded mass and addressed employees at a printing works as he tried to harness Solidarity's traditional allies, the church and the shop floor, to his cause.

"I always carry a screwdriver in my pocket and never forget I'm an electrician, so I'm not going to give you a good answer on this one," he said as he stumbled over a complex questioo on privatisation. But former Communist party chief Kwasniewski is still ahead as November 5 poll draws near

Poland: picking a president



delighting many and proving he still has a way with a crowd. And while apologising for the failings of his first term, he asked for a blank cheque for a second one.

"The oext five years are going to be even more difficult than the last five," he said, promising to "lead the country to cormality", a reference to cootinuing with free-market

Mr Kwasniewski meanwhile cootinues to be backed by the

Communist old guard, who were out in force for an election meeting at the weekend in Lodz, a textile centre which has begun to feel the henefits of growth of 5 per ceot for the

second year running. Perhaps more significant for the future is the fact that the polls show that Mr Kwasolewski enjoys more support among the younger voters than any of the other 17 registered

candidates. The pragmatic. forward-look-

ing SLD leader is also garnering support from those who once opposed the Communists but who now fear that the church would have too great a say in the country's affairs were Mr Walesa to win another term. In the Lodz opera house, the faithful applauded when he told them that the past 40 years were not wasted - and then added there could be oo going back. From then oo the message was pure political corlining of the idea that Poland's future lay with democracy and the free market, Nato and the

European Union With his smart suits, articulate style and grasp of the issues Mr Kwasniewski projects himself as a thoroughly modern social democratic can-didate who would be at home on the hustings in any western democracy: "Lech Walesa says he is the only Pole whom for-eign leaders will meet - well; I tell you that not only will they meet me but they will also understand what I say to them when they do."

The reference is to Mr Walesa's homespun and unpredictable style, which to many Poles is no longer appropriate for the kind of rapidly modernising, fast developing country Poland has become over the last six years.

Next month Mr Walesa looks set to pick up the votes of mil-lions of Poles who are reluctant to see a former Communist in the presidential palace wheo the government and parliament are already in their hands. But looking further ahead, this election campaign is also showing that both Mr Walesa and his Solidarity movement are being rejected hy many of the younger generation for whom the communist past and Solidarity's heroic days are history.

Christopher Bobinski

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EU will

monitor

accord

on cars

By Guy de Jonquières

in cars and car parts.

The US and Japan have agreed to involve the European Union and other leading trading

partners in monitoring the

implementation of their recent

bilateral agreement on trade

Mr Mickey Kantor, US trade

representative, said he was

Hashimoto, his Japanese

counterpart, had accepted in

talks this weekend in

Harrogate, northern England, that the European Union and

Anstralia - and possibly other

countries - be given observer

status in the monitoring

The agreement follows

strong pressure from Sir Leon

Brittan, the European trade

commissioner, who bas insisted that the EU be

included to ensure the

agreement benefited all

Japan's trading partners and did not discriminate in favour

of American manufacturers.

However, Sir Leon said that he

still wanted to clarify what

Japan meant by observer

Mr Kantor said he would seek further talks with Japan

on extending its nine-year

bilateral arrangement with the

US on semiconductor trade,

delighted" that Mr Ryutaro

help



# Jiang seeks higher profile in bid to tighten grip on power

President Jiang Zemin of China could hardly have undergone a more comprehensive build-up in efforts to portray him as a leader of substance for his meeting tomorrowwith US President Bill Clinton in New

The summit's importance for Mr Jiang goes well beyond issues such as differences over Taiwan, human rights and

arms proliferation. China's president, who is seeking to consolidate his hold on power as the country's ailing patriarchal leader, Mr Deng Xiaoping, fades away. embarked in September on a series of meetings, speeches, public appearances for propaganda effect and interviews to bolster his reputation at home and abroad ahead of his visit to New York. While Mr Jiang, unlike Mr Clinton, is not obliged to face an election, his grip on power would be strengthened by a credible showing in New York, where the Chinese might expect him to exhibit more assurance than his uncertain performance when last in the United States, in 1993 for a meeting of the Asia and Pacific Economic Co-operation Forum

Mr Jiang, 69, used as a springboard for his latest drive to strengthen his grip on the leadership a meeting in late September of the central committee of the Communist party which sanctioned the promotion of key allies in the

By Tony Walker in Beijing

China has opened Guangzhou

to foreign insurance companies

in a further cautious liberalisation of its financial

services market, but the first

stage is likely to limit new

licences in the southern Chinese city to two or three

Mr Yang Wenyou, director of the foreign financial

institutions department of the People's Bank of China, said

the State Council in Beijing

approved Guangzhou as the

second open city for foreign

International Group (AIG) and

Tokyo Marine and Fire

companies after Shanghal.

insurers.



Jiang: seeking more assertive role on world stage

arch-rival for corruption from

The gathering also provided a forum for Mr Jiang to seek to portray himself as a leader capable of withstanding pressures in the next difficult phase, and one who is anxious

established offices in Shanghai

and are conducting life and

non-life business. Both

companies have applied to

China Daily that China was

considering allowing an

additional "ooe or two" more foreign companies to enter the

field, but he did not say when.

indication when other cities

might be opened to foreign

insurers. China, whose own

insurance industry is now

transformation, appears in no

hurry to introduce greater

foreign insurance companies to

rapid

Insurance Company, have open representative offices in foreign insurers in China. They Finance and Economics.

China began permitting change

He also did not give any

Mr Yang told the official

open in Guangzhou.

nndergoing

to emerge from the shadow of the 91-year-old Mr Deng. whose failing health is thought to put him beyond influencing day-to-day events.

Among recent key events was a 10,000-word speech

companies had established a

presence in Chinese cities.

lured by one of the world's

richest untapped insurance

Mr Yang said the "three-year

experiment" with foreign insurance companies had facilitated the development of

the local insurance industry.

but he cautioned that the

process of opening should be

explore the feasibility and

steps of opening up the

insurance market based on

in regulations

Bank governor passes first inflation test

experimentation," he said.

"We could only gradually

markets.

plenum in which Mr Jiang consciously tried to assume the mantle of a Chinese leader in the tradition of Mao Zedong and Mr Deng by outlining his beliefs in a speech entitled "On the correct bandling of the 12 major relationships"

Mao's This recalled polemical address in 1956 in which he sought to rally the nation with a speech "On the 10 great relationships". Chinese officials, in their

preparations for the Clinton meeting and Mr Jiang's anniversary celebrations of the United Nations have indicated a desire that China's president should become more assertive on a world stage in line with Beijing's growing weight

But Mr Jiang has performed diffidently at past international gatherings such as Apec meetings, doing little to dispel an impression that he is a transitional figure who may not last the distance.

Last week's appearance at a naval exercise with virtually all the country's top brass was clearly aimed at persuading domestic and international opinion that Mr Jiang has the support of the military and intends to play a more forceful role.

His shonted instructions through a megaphone to sailors on manoeuvres recalled the exact words of both Mao and Mr Deng when they addressed military parades at critical moments in their

Mr Jiang is seeking to don

establish branches two years

after setting up representative

offices instead of the previous

industry is dominated by the

People's Insurance Company of

China, has three national insurers and 22 regional

• The Chubb Group of

Shanghai, following one set up

In its efforts to establish a

contributing \$1m over five

last year in Beijing.

governing the operations of Shanghai University of markets were

China, whose insurance

three years.

companies.

#### even though the Japanese government has said that it does not intend to renew the accord after it expires in Chinese open second city to "The US, of course, supports the extension or renewal of the semiconductor agree-ment," Mr Kantor told a press foreign insurance companies

conference at the week-However, Mr Hashimoto said the arrangement had achieved its goal of increasing foreign

penetration of Japan's chip market and was no longer Mr Kantor said he and Mr Hashimoto had failed to make progress in their dispute over complaints by Kodak of the US that Fuji of Japan was using anti-competitive practices to limit Kodak's share of the

Japanese photographic film Insurance Companies will open market. representative office in However, the US trade epresentative said he was encouraged that the US trade deficit with Japan had fallen foothold in China, Chuhh is for five consecutive months. School of Insurance at the efforts to open up Japan's

progress, be said.

## Japanese try to defuse anti-US protests

By William Dawkins in Tokyo

Mr Tomiichi Murayama, the Japanese prime minister, is to hold emergency talks this week with his coalition partners on how to defuse a surge of protests against US forces in

Japan.
This follows a rally on Saturday by 58,000 residents of Okinawa in protest against the alleged rape of a schoolgiri by three US servicemen last month. It was the largest demonstration against US troops during the 50 years they have been stationed in Japan. The southern island of Okinawa hosts three-quarters of US facilities in Japan.

The Japanese foreign minis-try has watched the Okinawa dispute grow with intense dis-quiet, fearing that any damage to the US-Japan alliance could unsettle the security balance in the whole of east Asia.

The demonstration was given added political weight by the attendance of delegates from the three government parties, the traditionally pro-US Liberal Democratic party the left leaning Social Democratic party and New Harbinger party. Their presence is evidence of the seriousness with which mainstream parties regard what is the fiercest - some say the only -national debate over the desirability of US bases in Japan.

Mr Murayama said be wanted to resolve the dispute with the residents of Okinawa, who wish US troops to be moved to the Japanese mainland, before his summit with US President Bill Clinton on November 20.

The coalition will consider a petition from the Okinawa protestors, calling for cuts in US bases; a review of the accord which governs the conditions under which US forces stay there; compensation for the rape victim and tougher discipline among US troops. It stops short of calling for a full troop withdrawal. There is a more immediate challenge, to persoade the governor of Okinawa, Mr Masahide Ota, to lift his veto on orders compelling landowners to lease land to the

US military. Mr Murayama is seen as sensitive to Okinawan feelings but also has to defer to the rightwing LDP, the largest member of the coalition, which would more than a symbolic reduction in US bases.

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Strong growth and price rises back below 2% have vindicated New Zealand's tough approach ew Zealand's Reserve of strong growth - 6 per cent Bank has passed its in 1993 and 1994 - which did

first test as the country's guardian against infla-tion. After underlying price rises breached the official target for the first time in the second quarter, figures published last week show them back at the 2 per cent celling in the third quarter. They are expected to slow further by the end of the year.

This marks the end of an embarrassing period for Mr Don Brash, the Reserve Bank governor. He will no longer face questions about whether he deserves the sack for miss-ing the target. Under New Zealand's unique arrangements. the Reserve Bank governor is personally responsible for meeting an inflation target agreed with government.

In fact many economists in Wellington see recent inflation performance as a vindication of the country's tough approach. For once, New Zealand has experienced a period

not blow itself out in a balance of payments and inflation cri-

Growth has slowed markedly. The Reserve Bank is expecting it to run at only 2.8 per cent in the year to March 1996. But by historic standards, that is high, and the govern-ment's fiscal surplus is still expected to allow tax cuts next year. Still, the blip in the inflation rate raised some questions, most notably because, having responded rather late in the cycle, the Reserve Bank chose to raise interest rates to more than 9 per cent. Businessmen accused the Reserve Bank of overkill. They were overzealous, and they did not have enough arrows in their quiver," says Sir John Ander-son, chief executive of National

One snag was that the main inflationary pressures were concentrated in the non-traded sector, particularly in con-



Brash: embarrassment over

struction, which saw a sudden rush of business in Auckland following the go-ahead for a casino development. Yet the impact of monetary tightening on the exchange rate hurt exporters across the whole country.

Surprisingly for a developed country, New Zealand produces inflation figures only

# Annual inflation forecasts

et rate and tax changes

every quarter. With more timely information the central bank could move more quickly to nip incipient inflation in the bnd. Mr Bill Birch, finance minister, edmits to "legitimate concern" in this area and says more resources will be made available to the government statisticians.

Some argue that policy

if the 0 to 2 per cent target for underlying inflation were broadened. "The target does have to be set very low, but two percentage points is a very tight range to be in," observes Sir Dryden Spring, president of the New Zealand Dairy Board.

Yet even critics like Sir Dryden are cautious about drawing firm conclusions on this score. It would be difficult to broaden the target without raising inflationary expecta-

As for Mr Brash, he says he would like to see underlying inflation move closer to the middle of its range, not so much to bolster his credibility bnt more because inflation forecasting is such an uncer-tain art. "You don't have any room for being wrong at a rate of 1.8 to 1.9 per cent," he says. One vindication of the policy is that it has helped wean New Zealand off fiscal excess. "Governments know voters like lower interest rates," he says.

They are less likely to spend their way out of political trouble if that caused interest rates to rise.

Perhaps that is one reason why New Zealand has been able to wait till it had a large budget surplus before considering tax cuts. In countries such as the UK, clamour for lower taxes would have come a lot sooner, hut New Zealand is now in the happy position of paying off debt with minimal objections from those who would like to see greater investment in health and education.

Another reason votera are prepared to stand the pain is. that they still recall the trauma of adjusting to the Muldoon administration's overspending in the 1980s. Lower government debt also means a smaller interest obligation and frees up resources for other things, says Mr Birch. "You get into a virtuous circle."

Peter Montagnon

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## **NEWS:** THE AMERICAS

## \* Silicon Valley lure for capital

By Christopher Parkes in Los Angeles

Silicon Valley, northern California's centre of high-tech industry, attracted more than 20 per cent of all US venture capital investment in the 12 months to the end of September, according to data assem-

hled by Price Waterhouse.
A total of 317 companies concentrated io the relatively small area around San Fran-cisco pulled in \$1.29bn (£820m) of a total \$6.1bn monitored by the consultancy's high-technology group.

In the second ranking region - comprising seven states in the south-east - 96 companies drew in \$653m. New England. Texas and the regions around New York and Washington, where venture capitalists invested in a range between \$572m and \$445m, were significantly ahead of other areas.

Mr Don McGovern, chairman of the Price Waterhouse high-technology group, said the evidence of significant underwriting for entrepreneurs was a "sure sign of confidence in the future of the

A third of the funds dishnrsed in the review period went to software, information and communications ventures. Healthcare followed with \$752m shared among 209 companies, while 142 hiotechnology concerns shared \$490m.

While more than 50 per cent of investments went to hightech businesses. 18 per cent of the total went to the consumer and service industries.

A third of all spending on high technology went to Silicon Valley, including 36 per cent of the total invested in hiotechnology, 26 per cent of the sum committed to software projects, and 21 per cent of communications investments.

About 25 per cent of the 1.400 companies monitored heoefited from start-up or eariv-stage capital injections, while hny-onts - involving fewer than 5 per cent of the companies - accounted for less than 15 per cent of total investment spending.

# Markets uneasy as Quebec vote looms

and Robert Gibbens

Canada's financial markets face a turbulent week amid

next Monday's Independence Opinion polls showing voters almost equally divided sent the Canadian dollar and bond

The gap between US and ity of undecided voters to by a wide margin, has struck a Canadian 10-year bond yields widened from 1.63 to 1.83 percentage points. Quebec bonds

A Groupe Lêger and Lêger poll, published on Saturday, gave the pro-independence camp 50.2 per cent of the vote, and the No side 49.8 per cent. The figures include an allocation of undecided voters and those who refused to reply.

However, the pro-Canada camp remains confident that it will win, albeit by a narrow margin. Federalist strategists

choose the less risky option, as they did in the last sovereignty

Some voters may also switch preferences at the last minute as the economic costs of breaking up the country sink in.

sents the separatist cause at the federal level, took over as de facto leader of the Yes forces

Ottawa and the other nine tle and foreign debt-holders.

But the federaltst side has struggled to drive home both this message and the huge economic risks of a Yes vote.

Fewer than 45 per cent of respondents to the Leger and Leger poll sald they were swayed by the threat of losing their jobs, a falling Canadian the momentum to the Yes side continues.

Mr Daniel Kelly, director for financial markets research at CIBC Wood Gundy in Toronto, said a Yes vote on October 30 would make the following day the scariest Hallowe'en the markets have ever seen".

Analysts predict the dollar would plunge helow 70 US cents, with short-term interest rates climbing by about two percentage points to 9-10 per

On the other hand, a con-vincing federalist victory would prompt a strong rally.

#### By Robert Taylor in New York Mr John Sweeney, the 61-year-old leader of the US Service Employees' Union, looks set to become president of the country's besieged labour movement this week after an internal struggle. Delegates are due to gather in New York today at the AFL/ CIO union federation's hlen-nial conference to vote in the first contested presidential

election in the organisation's 40-year history. Under the slogan - A New Voice for American Workers -Mr Sweeney appears to have seized the initiative with his promise to reverse the decline of US unions by launching an aggressive organising offen-sive among the 84 per cent of

US workers who are not union Mr Sweeney is helieved to have secured over 55 per cent of the delegate votes while supporters of his opponent, Mr Tom Donahue, current acting AFL/CIO president, acknowledge that their candidate faces an uphill battle in the election.

scheduled for Wednesday. Although the carpenters' union switched support from Mr Sweeney to Mr Donahne at the weekend and there was lobbying yesterday in the hope of further defections, many of Mr Donahne's staff are pessi-

mistic. Mr Sweeney's challenge is backed by most of the larger unions, including the Teamsters. State and County Employees, and unions representing car and steel workers. His own union has doubled its membership under his presidency against the downward trend experienced elsewhere.

But Mr Donahne can count on the Food and Commercial Workers, electrical workers Unocal, was cautiously optiand teachers, as well as many smaller craft unions.

There are no deep policy differences hnt Mr Donahne is seen as the establishment representative after spending 16 years as deputy to Mr Lane Kirkland, who was forced into retirement as AFL/CIO president this summer.

By Bernard Simon in Toronto

signs that Quebec separatists will put in a strong showing in referendum.

prices sharply lower at the end of last week. The Canadian dol-lar fell almost one US cent to close at 73.67 US cents on Fri-

By David Pilling

in Buenos Aires

President Carlos Menem of

Argentina will avoid the dell-cate issue of the Falkland

Islands' sovereignty when he meets Mr John Major, the Brit-

ish prime minister, in New

York today in the first formal

encounter between leaders of

the two countries since the

"Of course, we will talk

about the agreement we have signed for oil exploration and

exploitation in the zone of con-

flict," Mr Menem said at the

weekend. "But I do not think it

will be appropriate, it would

show a lack of protocol, to talk

step," said Mr Emilio Car-

denas, Argentine amhassador

at the UN. "For that reason,

both parties will proceed with

Mr Menem has, on several occasions, vowed to recover

the Falkland Islands, known as

Las Malvinas in Argentina, by

the year 2000. The meeting

nevertheless represents a fur-

ther thaw in relations between

the former enemies, which has

seen diplomatic links re-estab-

lished in 1990 and a recent

revival of historically close

commercial ties, particularly

"This is the classic first

of sovereignty."

enormous caution.

1982 Falklands conflict.

were especially weak.

through the participation of

British companies in Argen-

tino's privatisation pro-

A further sign of improving

relations will come next week

when the families of five

Argentine airforce officers

killed during the 1982 conflict

will he allowed to visit the

islands. The families, who will

take part in a memorial service

on Pebble Island, where their

relatives died, will he the first

people to travel to the Falk-lands on Argentine passports since the conflict.

Under normal circum-

stances, Argentines are not

allowed to set foot on the Falk-

lands, and the Anglo-Argentine

oll agreement signed last

month excludes Argentine

nationals from any onshore activities. The Pehble Island

visit is described by British

diplomats as a "goodwill ges-

Menem will tomorrow travel to

Houston, where ha is due to

meet oil companies interested

in participating in the Falk-

The Argentine leader will try

to persuade executives that

they face no political risk hy searching for oil in disputed

south Atlantic waters, even though there are several grey

lands oil licensing round.

Meanwhile,

President

Menem adopts

cautious line

on Falklands

referendum in 1960.

The secessionist campaign has been galvanised since Mr Lucien Bouchard, leader of the Bloc Québécois, which repre-

Carlos Menem: 'I do not think it will be appropriate

John Major, first formal meeting between leaders

Ine oil accord signed last The UK company has signed a month.

The UK company has signed a letter of understanding with

active role in oil exploration.

YPF, Argentina's privatised oil

company, to form a joint ven-

ture in the region.

areas in the Anglo-Argeot-

British Gas, which has

Important Investments in

Argentina, is likely to play an

chord by contending that a Yes vote would give Quehec greater leverage to negotiate a new economic and political partnership with the rest of

provinces, according to Mr Bouchard, would be forced to accede to Quebec's demands, including quick accession to the North American free trade area, in order to placate domes-

two weeks ago.

Mr Bouchard, who is Quebec have warned that a partbec's most popular politician

Political leaders outside Quebec have warned that a partnership on the separatists'

dollar or higher interest rates. But more than 77 per cent said that "pride in being a Que-becker" influenced their deci-The Canadian dollar and

hond prices are expected to slide further in coming days if

## Turkmenistan gas deals show west's interest

Washington and Robert Corzine in London

Two multi-billion dollar oil and gas developments in Turkmen-istan were announced at the

weekend in a sign of growing western interest in the former Soviet central Asian republic. Unocal, the Los Angelesbased oil and gas company, said it wanted to lay a \$3bn (£1.9bn), 1.300km natural gas pipeline from Turkmenistan to Pakistan via Afghanistan.

Unocal and the Delta Oll Company of Saudi Arabia, which are combining in a roughly 60-40 arrangement, signed an agreement in New York on Saturday with President Saparmurat Niyazov of Turkmenistan.

The agreement coincided with an announcement by Bridas, the Argentine company, of the discovery of a large natural gas field about 450km east of Ashgabat, Turkmenistan's cap-Ital. Bridas estimated gas reserves in the Yashiar exploration block at 27,000hn cubic

Although Turkmenistan has large reserves, western interest has been limited in recent years because of political uncertainty in the region and the difficulty of exporting gas from the country. But recent

tional oil project in nearby Azerbaijan has hoosted international interest in the Caspian Sea area.

Both Unocal and Delta Oil

are members of the Azeri consortium. Turkmenistan has guaran-

teed them at least 25,000hp cu ft of gas reserves, which would come from developed fields in the sonth-eastern part of the country.

The gas pipeline would have a throughput of at least 2bn cu ft of gas per day. A \$5bn oil pipeline project will also he studied by Unocal and Delta. This would run through Afghanistan to a crude oil export terminal on the Indian Ocean, Unocal officials said.

There was no official Afghan representative at the signing ceremony, prompting one senior western oil industry executive to call the pipeline "a pipe-dream". Mr John Imle, president of

mistic. We are very sensitive to the fact that Afghans were not represented at this signing ceremony," he said. He added that several west

ern banks and international lending institutions bad expressed interest in the project in spite of the Afghanistan

CONVENTIONAL wisdom was that wood

floated and iron sank. It took, therefore, an

unshakeable belief in his own vision for

magnificent iron creation "The Great Eastern".

It hen the founders of Airbus Industrie

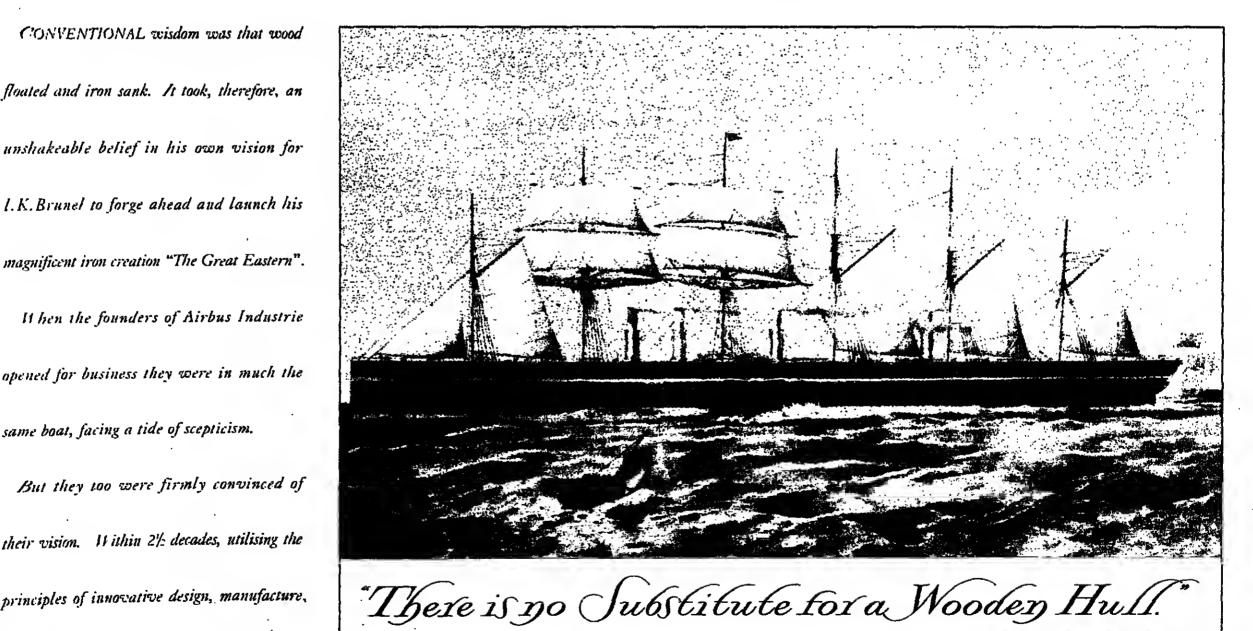
opened for business they were in much the

same boat, facing a tide of scepticism.

their vision. Within 21/2 decades, utilising the

principles of innovative design, manufacture,

and an unparalleled level of customer service,



Jirbus Industrie is at the top of the civil aircraft makers' league. 1.4 billion

Europe, the USA and the rest of the world. Innual turnover is now in the region

passengers have been carried by customer airlines. Tens of thousands of highly skilled

of \$9 billion. Which goes to show what EXTRAORDINARY THINGS CAN BE

jobs have been created, not just within the four founding countries but throughout

ACHIEVED when you're prepared to make a few waves.

**愛AIRBUS INDUSTRIE** SETTING THE STANDARDS

Report on Admiralty Trials, Woolwich, 1830.

# Chirac's meeting with Algerian leader is scrapped

The controversiel meeting between French President Jacques Chirac and his Algerian counterpart, Mr Liamine Zerqual, which generated political protests in France and increased terrorist attacks by Algerian Islamic militants, was abruptly cancelled yesterday.

Mr Zeronal cancelled the New York meeting after Mr Chirac refused to hold a joint photo-session with the Alge-

Algerian Islamic groups, battling the government since 1992, had warned Mr Chirac against holding a meeting they viewed as yet another sign of French support for the armybacked government.

Mr Chirac cited the cam-

paign for the November presidential election, in which Mr Zeroual is a candidate, for refusing to take part in the photo session. I did not feel able to meet this demand. I considered this meeting as a conversation with the Algerian head of

campaign has hegun in Algeria, I did not want there to be any amhiguity," he said. The military-backed Algerian

president's office put a different explanation on the surprise decision, hlaming "malevolent" remarks hy French officials. Mr Zeroual's spokesman, Mihouh Mihouhi, said the

meeting had lost its raison d'erre hecause of the "persis-tence of one-sided attitudes". The cancellation of the meeting with Mr Chirac may appear

as a setback for the Algerian regime. However, the incident should have little effect on the presidential election and on Mr Zeroual's chances of success. While the opposition groups will cheer the French move.

the action may encourage many Algerians, who despise being snubbed hy their former colonial power, to rally hehind Mr Zeroual. Mr Zeroual is the favourite

to win the November 16 poll. which has been hoycotted hy both the Islamic Salvation opposition parties.

Islamic militants have vowed to wreak havoc during the election and have warned Algeria's 12m voters to stay at home. The four candidates who have qualified to stand in the election are all allied to the

government. The election is now being watched less for its potential to solve Algeria's three year struggle with Islamic militants than for its ability to resolve differences within the Algerian regime itself.

Mr Zeroual, a former army general called upon in January 1994 to take over the presidency, is believed to represent the moderate army faction willing to find a compromise with the FIS, the party which was poised to win the 1992 legislative elections cancelled by the government, provoking the

If Mr Zeroual wins the election, he may have a freer hand to negotiate a deal with the Islamic apposition and the sec-

his presidency, he may then be willing to hold legislative elections in which the real political forces in the country are repre-

Mr Zeroual decided to hold a presidential election when talks with the FIS were scuttled last antumn by hardliners in both camps.

French officials claim they had intended to use the planned meeting with Mr Chirac to urge Mr Zeroual to restart negotiations and, after the election, to organise legislative and local polls.

Mr Jean-François Deniau, former head of the French parliament's foreign affairs com-mittee, said Mr Zeroual had clearly been seeking a stamp of approval from Paris and not a scolding on democracy.

He said the cancellation was also in Mr Chirac's interest, because of the pressure he was under at home after a wave of terrorist bombings not to go



Ivory Coast president Henri Konan Bedie, certain of victory in yesterday's election, tries on a traditional ruler's crown. The poll was boycotted by the main opposition groups, who accuse Mr

INTERNATIONAL NEWS DIGEST

## Maritime trade reaches record

World maritime trade grew 3 per cent last year to reach a record 4.45bn tons, according to the latest annual review of maritime transport by the United Nations Conference on Trade and Development. The growth of seaborne trada in 1994, the highest since 1990, was driven by a 9 per cent jump in the volume of international trade in goods, Unctad said. Nevertheless, tha increase in maritime freight traffic remained below the 1986-93 average of 3.1 per cent. Based on preliminary data, the report predicts a 3 per cent expansion this year.

The world merchant fleet also continued to expand last year. to 719.8m deadweight tons (dwt), as new deliveries of 29.3m dwt outweighed scrapping of 20.8m dwt.

Greece remains the world's most important shipping nation with 18 per cent of the world's fleet in terms of tonnage. followed by Japan with 13 per cent, the US and Norway with 8 per cent and China with 5 per cent. Frances Williams, Geneva Unctad Review of Maritime Transport 1994 (Sales No. E.95 II.D.17), available from Palais des Nations, CH-1211 Geneva 10, fax +41 22 917 0027/84, \$30.

#### Close vote expected in Zanzibar

Zanzibar yesterday held its first multi-party elections, to decide whether the Indian Ocean archipelago remains locked in its uneasy union with Tanzania or moves towards greater autonomy. Fears of election-day violence on the often volatile islands initially appeared unfounded, with voters quening patiently in torrential rain to make their choice between the ruling Chama Cha Mapinduzi party and the opposition's Civic

The result of the simultaneous presidential, legislative and municipal polls is expected to be close. The CCM, which is promising to maintain Zanzibar's 31-year union with Tanzania, is well-established in the countryside, while the CUF, which wants greater independence, is popular in urban

Roh aide admits secret funds

An aide to Mr Roh Tae-woo yesterday admitted that the former South Korean president maintained secret bank accounts, prosecutors said. The admission is likely to lead to a full investigation of allegations that Mr Roh, presider between 1987 and early 1993, controls illicit political slush funds totalling Won400bn (£332m),

The confession by Mr Lee Hyun-koo, who headed the presidential security guard and national intelligence agency during the Rob administration, related to Won30bn in accounts at Shinhan Bank. An opposition MP last week alleged that this Won30hn was part of Won400bn that Mr Roh had hidden in 40 accounts at various banks. Mr Lee said the money at Shinhan Bank had been left over from a political fund used to pay presidential expenses because the official budget was inadequate. But he left unclear how the fund was created and who financed it. John Burton, Seoul

Colombo curfew reimposed

Sri Lankan troops pressed towards the Tamil rebel stronghold of Jaffna and police reimposed a night curfew in the capital, Colombo, as they hunted for rebels who blew up key oil depots, security officials said yesterday. A military spoke said the Tamil Tiger guerrillas had lost 350 fighters so far and were trying to stall the offensive designed to take control of the Jaffna peninsula in the north by staging attacks Reuter, Colombo

## World's leaders put themselves in the picture

Quentin Peel watches politicians jostling for publicity at the UN 50th anniversary celebrations

t must qualify as the world's higgest photo opportunity, not to mention the world's longest sound

More than 150 world leaders gathered in New York yesterday for a three-day party in celebrate the 50th hirthday of the United Nations, causing heartache for the city cops. Sunday joggers, and the man appointed to take their family photograph.

It was a field day for the security men, the coastguards patrolling the East River on a glorious sunny day, and the protesters who gathered to demonstrate on behalf of most known oppressed minorities. from the Kurds in Turkey and Iraq, to the Tibetans in China, the Mohajirs in Pakistan, and all the Cuhans in Cuba.

The heads of state and government started gathering at 7.30 in the morning at the UN headquarters, in a desperate effort hy the international hureaucracy to keep them all in line and on time.

Every one of them is supposed to speak at this marathon session for no more than five minutes on the future of the world and the UN as they see it. Few expected them to obey - everyone intends to get maximum exposure for his or her home television programmes - so the opportunities for havoc and mlschief-making

Yet in the end, it was the family photograph which threatened to throw the whole timetable into disarray. President Boris Veltsin of

Russia had won the traditional tussle among the heavyweights to be the last to arrive, coming in a good five minutes behind President Bill Clinton and Mrs Hillary Clinton, and keeping them all waiting.

Mr Boutros Boutros Ghali. the UN secretary general, stood patlently on the receiving line, trying to decide who got a handshake, who got a token embrace, and who got a fully-fledged hearhug with kisses, Fidel Castro of Cuba, the great ogre of the US Congress and media, got the full treatment.

Perhaps it was all part of a deal to ensure that the Cuhan leader obeyed the rules on his first trip to the US since 1979, when he spoke for 21/2 hours in the general assembly. Back in 1960, his speech went to 4%

Yesterday was different. Gone were the military fatigues, in favour of a very natty double-breasted dark blue suit. And the speech was

under seven minutes. He won a ranturous ovation, although whether from relief or enthusiasm was unclear.

But that all came after the family photograph. One hy one, the great and good trnoped intn the council chamber of the UN Economic and Social Council, to he shepherded into position for a happy snap to beat all happy

"It'll take just a couple of minutes to get this together," said Mr Paul Skipworth, the irrepressibly good-humoured photographer bired by Kodak for the great occasion. "This is a really historic occasion. The secretary-general wants you all to have a copy.

Quite how they all found a place, no one will ever know, but the permanent members of the Security Council - Bill Clinton, Boris Yeltsin, Jiang

The men all laughed, but Mrs Zemin of China and Jacques Chirac of France - all managed Benazir Bhntto of Pakistan to get into the front row. Only Britain's John Major was missing, because be was to arrive at the end of the day.

They shuffled to the left, and then to the right, and all took off their plastic security passes (even heads of government mnst ohey the security regulations). By that time they were all

looking pratty glum. Mr Yitzhak Rabin of Israel gave a look of absolute exasperation, which summed up his usual attitude to the UN. Mr Jiang managed to laugh at a joke from Mr Clinton, hut Mr Yeltsin and Mr Chirac didn't twitch.

That was when Mr Skipworth pulled his coup. "Come on gentlemen," he urged. "Why can't you all smile as prettily as the ladies?"

looked like absolute thunder. It will no doubt show in the historic photograph. At last it was all over. "I thank you, Kodak thanks you, the secretary-general thanks you, and the world will thank you," Mr Skipworth declared,

in that order. And the session started only half an hour late.

Outside on 47th street, life was altogether more colourful and passionate. There were six Tibetans in a makeshift tent. determined to fast on a hunger-strike to the death for the liberation of their land from China, There were Pakistani protesters describing Mrs Bhutto as "crime minister of Pakistan". And above all there were the emigré Cubans, chanting "even in hell, yon're not welcome, Fidel".

Were toasting twenty-six years of Asia Pacific exploration and discovery

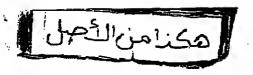
It started in Indonesia, when we committed our skills to help meet the energy needs of growing Asia Pacific countries. Over the years, we've added billions of dollars to the region's economy. Our assets in the region exceed \$2 billion. Now, we're producing oil and gas in Indonesia, about to commence producing gas in China and exploring for petroleum elsewhere throughout the region.

ARCO was the first American oil company to initiate an exploration agreement with China. That was in 1981. Today, we are developing the

largest Chinese offshore natural gas discovery ever. It's in the South China Sea. Gas deliveries via an 800-kilometer undersea pipeline will begin to Hong Kong early next year.

Our Asia/Pacific commitment is stronger than ever. We are continuing our contribution to the region's economic growth with the resources of ARCO's four major businesses — petroleum exploration and production, refining and markering, petrochemicals and coal mining. As each develops in the years ahead, we look forward to helping the region fulfill its economic promise.

**ARCO** 



with a nice

cup of tea.

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A 1 30

100

Westminster Correspondent The British government has rejected a request by the House of Commons public accounts committee, parliament's spending watchdog, to have full rights of access to Camelot, the company that administers the

national lottery.

The decision of the national heritage department will fuel concern that an increasing number of organisations which are collecting and dishursing public funds are being audited purely in the private

Pay rises

steady

despite

shortage

Economics Correspondent

Almost half of all British

exporters are experiencing

skills shortages, according to a survey published today.

However, the survey from

DHL, the express delivery

group, notes that with short-

ages concentrated in a few spe-

cific areas of manufacturing,

they are having limited pres-

Surveys from the Confedera-

tion of British Industry, the

UK's largest employers' organi-

sation, and income Data Ser-

vice also report that pay settle-

ments show little sign of significant acceleration, with

the low level of public-sector

settlements keeping the aver-

age rate of wages growth below the level of inflation.

The CBI reported that manu-

facturing pay awards averaged

3.5 per cent in the three months to September, fraction-

ally up from the 3.4 per cent

recorded in the three months

to June, and higher than the 3

per cent seen in the same

period last year. Service sector

awards averaged 3.4 per cent in

the three months to Septem-

ber, down from 3.9 per cent a

most public sector settlements

were between 2 per cent and 3

per cent, while of the 95 pri-

vate-sector settlements moni-tored only half were more than

still rise, particularly if growth

accelerates in the months

ahead. The survey of 904 com-

cent were finding it difficult to

recruit candidates with suit-

with shortages of skilled man-

ual labour the greatest prob-

Almost half of people leave

ing their jobs do so after more

than five years in the same post, according to the Institute

for Personnel and Develop-

Its survey casts further

doubt on suggestions that the

British economy really has

seen the end of "jobs for life".

The survey also found that last year nearly a quarter of work-

ers quit their jobs within the

first 12 months of employment.

However Ms Oonagh Ryden,

the IPD's policy adviser on pay

and employment conditions,

said: "The high proportion of

long-aervice leavers suggests

that the British workforce is

no more volatile than has tra-

ditionally been the case."

ment and administration.

ment, writes Andrew Bolger.

The DHL survey is likely to

The IDS data noted that

year before.

sure on overall wage levels.

skills

By Gillian Tett.

· Watchdog denied access to lottery accounts The all-party public accounts com-mittee and the national audit office. its scruting arm, are worried that important developments such as the national lottery and the contracting out of work to the private sector by Whitehall departments have lessened their ability to monitor cases of fraud and the effectiveness of government

The government has acknowledged that lottery proceeds do form part of public spending calculations. The comptroller and auditor general, who directs the national office, has access to the records held by the director general of Oflot, the

The board of the London Stock

Exchange has rejected propos-

als from its executive officers

for a radical shake-up of the

way UK shares are traded. The move could have trans-

formed the exchange into a

trading system similar to some

of its European and US coun-

terparts - an evolution its executive officers believe users

The proposals, which were

considered at a board meeting

on September 28, would have allowed two different trading

mechanisms for the UK's 350

largest stocks to have operated

simultaneously on a single

screen. However, board mem-bers are said to have believed

that such a system would have

been confusing and unworka-

The first of the two systems

is the currently used "quote-

driven" method, by which mar-

ket makers quote prices at

ale better prices via the tele-

lottery.

in response to representations by the committee to be allowed to examine Camelot's books, the heritage department said it did not agree that present levels of access were insufficient to give parliament an "indepen-dent assurance in respect of the collection and accounting for national lottery income".

The limited scope of the NAO will figure prominently in today's Com-mons debate on the public accounts committee's annual report. Mr Rohert Sheldon, committee chairman, said yesterday the national proceeds, she said it was the job

government agency overseeing the audit office should have auditing control over non-departmental public hodies and major organisations involved in public money "as of

> He added: "The national audit office is a great success story at a time when stale and parliamentary institutions are being increasingly called into question." Mrs Virginia Bottomley, national

heritage secretary, said the lottery was "ooe of the most carefully regu-lated" in the world. Speaking on the eve of the first allocations to charities from lottery

She added: "I have every reason for confidence in their delivery of their responsibilities."

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Mr David Rigg, Camelot spokesman, said the company had provided an "extraordinary full" account of its finances in its annual report and was "at the leading edge of current best practice

He said Camelot would look favourahly at any approach from the national audit office.

The public accounts committee will conduct bearings in December into the government's award of the lottery contract

type of order-driven system to be operated by the exchange, perhaps for less liquid stocks or smaller deals. However, the exchange's rules would bave to he amended to make it clear that those dealing on the exchange would not have to take account of prices in the order-driven system when calculating the best price" for shares or the "best execution" of a client's order as required under the Financial Services Act.

An exchange official said it was consulting members about what services they wanted its new system to offer.

The exchange's proposals have been driven in part by the emergence of a new competing exchange, Tradepoint, which allows shares to be traded via an order-driven mechanism, This bas worried the exchange's executive. On Tradepoint, huyers and sellers post the prices at which they are prepared to huy and sell specific blocks of shares. Those wishing to accept an offer may do so electronically.

which they are prepared to buy and sell large blocks of shares through all market conditions. But in Tradepoint's first few weeks, trading volumes have Market participants can negotibeen very low, strengthening phone. The second is the so-called "order-driven" mechathe arguments of London's largest market makers who nism which allows huyers and argue that customers nelther want nor need such a system. sellers to strike deals electroni-"The exchange is in danger

The exchange has been arrof getting too far out ahead of anging presentations of its new its members," said an official Sequence VI electronic trading at one large market making firm. Market makers fear that system, set to become operational next July. This would have the capacity for simultathe emergence of an orderdriven system will force them neous order- and quote-driven to narrow the spread between trading on a single screen. the price they offer to buy and The board has decided that sell a specific share, thus cutthere is still scope for some ting profits.

## Stock exchange | Morgan Stanley is sued rejects shake-up over Maxwell assets

By Norma Cohen

Mirror Group Pension Scheme has filed a lawsuit in New York seeking \$100m (£65m) from US-hased investment bank Morgan Stanley. The suit is in connection with the hank's role as custodian for some of the scheme's assets which disappeared before the death of Mr Robert Maxwell.

The move, which is thought to have taken Morgan Stanley hy surprise, comes nine months after conclusion of a "glohal settlement" in which investment banks which dealt with Mr Maxwell contributed to cover part of a shortfall in assets of pension funds he had controlled

Morgan Stanley was understood to have declined to respond to enquiries from the MGN scheme early on in its search for missing assets and had chosen not to participate in the global settlement. "Morgan Stanley is a global bank and it is well aware of its

They could have joined in the global settlement." Yesterday, Morgan Stanley said: "The claim is without

responsibilities," said a spokes-

man for the pension scheme.

foundation and we will seek to ensure that it will be seen as such if it comes hefore the courts.

The bank declined any further comment. The suit is against Morgan

Stanley Trust, the division which includes the investment hank's custody business. Morgan Stanley is one of the world's leading global custodians and bas roughly \$110hn in assets under its

Details of the suit have not been publicly disclosed. Morgan Stanley had heen one of the custodians for the pension assets invested by fund managers and controlled by the late Robert Maxwell. After Mr Maxwell's death in November 1991, more than £440m was found to be missing from the schemes be con-

in an earlier writ hy the MGN Pension Trustees against a group of banks and fund managers, filed in June 1992, Morgan Stanley was alleged to have been the recipient, on October 1 1991, of a group of 103 securities from a pension scheme portfolio managed by Lloyds Investment Managers.

Morgan Stanley itself was not a party to that lawsmit. But the writ alleged that on October 23 1991 securities valued at the time at £12,041,093, were delivered by Morgan Stanley to Credit Suisse.

The writ alleged that most of the securities were subse-quently sold to recover amounts owed hy Robert Maxwell Group. Credit Suisse was one of the

parties to that lawsuit and last week agreed an out-of-court settlement for an undisclosed sum in respect of the pension

## **Insurance boss threatens** to set up rival company

By Ralph Atkins, Insurance Correspondent

Mr Peter Wood, chief executive of Direct Line, the UK's largest private motor insurer, is threatening to build a rival operation if Direct Line's par-ent, Royal Bank of Scotland, is

The warning that he could become a competitor to the ago comes amid speculation that Royal Bank might be bought by a larger bank as part of a wave of consolldation in financial services following the recent merger of Lloyds Bank with the TSB banking

group. Direct Line, which insures more than 2m motorists and has expanded into a range of insurance products, mortgages and other financial services, reported a profit of £45m (\$69.75m) in the six months to March 31. It would be one of the most attractive parts of the banking group.

Mr Wood also confirmed he would give Royal Bank the opportunity to take part in a new insurance venture he plans in the US.

Mr Wood pioneered the direct selling in the UK of motor insurance by telephone. underpricing rivals by cutting out brokers and their commission. Last year, in conjunction with Royal Bank, be set up insurer which uses Direct Line technology but is pitched at younger drivers, high-value cars and other "non-standard" motorists

Mr Wood says in the event of a bid for Royal Bank, Privilege could prove a "poison pill". He has a 30 per cent stake in the venture but 51 per cent of the voting rights.

If he was not happy with the new owners he would have the right to huy out Privilege from Royal Bank, or its new owners, at an independent valuation. Privilege which has 52,000 high-premium customers, tor to Direct Line. Mr Wood, Royal Bank's largest individual private shareholder and a member of the bank's board, said: "Taking apart your own creation would not be easy...I hope never to have to do that." Mr Wood said yesterday that

he wanted to remain at the helm of Direct Line, possibly ever he confirmed he is explor ing setting up a US operation in conjunction with business partner Jim Stone president of Plymouth Rock, the Massachusetts-hased property casualty insurer in which Mr Wood has a shareholding. The new venture would be similar to Direct Line hut is unlikely to trade in New England states where Plymouth Rock operates. No cash has been raised yet

but Mr Wood's track record means he is unlikely to have much difficulty finding backera. No firm decisions are expected until next year.

**UK NEWS DIGEST** 

## Virgin drinks suffer sales figure setback

Virgin Cola and Virgin Vodka have achieved only tiny toe-holds in the UK market as they approach their first hirth-day, falling far short of the ambitions group chairman Mr Richard Branson set for them on their launch last November. Virgin executives said they would sell 1bn cans of Virgin Cola in the first year, but the actual figure will be closer to half that. According to market researcher Nielsen's data on the supermarket purchases of 7,000 shoppers, Virgin has 5.7 per cent of the cola market in the latest month, down from near 10 per cent shortly after its launch. However, on Nielsen's figures for all grocery sales, Virgin has fallen from about 7 per cent shortly after its launch to 3.1 per cent in August and recovered slightly to 3.4 per cent last month. Nevertheless, Virgin Cola will generate about £1m profit on sales of £35m in its first year, Virgin said.

One of Virgin Vodka's competitors said Virgin was carried by only 40 per cent of liquor stores. Virgin said it was carried by 50 per cent of the stores nationwide and by 60 per cent in London and that its vodka sales were about 22 per cent of Smirnoff's, for a market share of about 5 per cent. Roderick Oram. Consumer Industries editor.

**Boots tops corporate image poll** 

Boots The Chemists has the best corporate image of the largest companies supplying consumer goods and services in Britain, according to research by Mintel, the market research organisation, and Coley Porter Bell, the corporate identity consultants. More than 1,000 adults were asked about a selection of 25 of the largest companies and to rate them for value for money, how the companies communicated what they stood for, how in touch they were with customers; how far they could be trusted; and bow concerned they were with social and environmental issues.

Boots came top on all criteria, apart from concern for environmental and social issues, where The Body Shop was rated most highly. Boots, The Body Shop, grocery chains Tesco and J. Sainsbury and the BBC shared the top four places in every category. Mintel concluded that value for money ratings were "not related directly to success or even popularity. The highly successful Coca-Cola and McDonald's empires have low value ratings".

#### Lib Dems to urge duty cut

The Liberal Democrats, Britain's third political party, will today call on Mr Kenneth Clarke, the chancellor, to cut duty on UK-produced spirits by 50p a bottle to halt job reductions in the Scotch whisky industry. Mr Malcolm Bruce, the party's Treasury spokesman, will tell a committee of all Scottish MPs that the increase in duty introduced after the 1994 Budget may have cut revenue to the exchequer by encouraging the import of spirits from other European Union states. John Kampfner

## Visitor spending up 5% to £1bn

The amount spent by tourists at UK visitor attractions last year exceeded £1bn (\$1.55bn) for the first time and represented a 5 per cent increase on the previous year, the English Tourist Board said. The number of visits to both admission-charging and free attractions increased by 2 per cent to 387m last year, with overseas visitors accounting for 19 per cent. The three most popular admission-charging attractions were Alton Towers, the Staffordshire theme park, which attracted 3m visitors: the London waxworks museum Madame Tussauds (2.6m), and the Tower of London (2.4m). Scheherazade Daneshkhu

## Strike ballot results due

Commuters will hear this week whether they face fresb travel disruption because of industrial action by transport workers union are voting on renewing strikes in pursuit of a 6 per cent pay claim. The ballot result will be announced on Tuesday and workers back action, strikes will restart next month. The RMT has held a series of stoppages in protest at a 3 per cent

After hours: Britons increasingly want to use shops, banks and leisure services services 24 hours a day, according to banking group TSB. More than one in five people don't go to bed until after midnight, TSB Phonebank has found, and they expect husinesses to adopt a round the clock culture. Men are more active than women at night, possibly because more men than women work flexible hours and night shifts, the survey found. "It is no longer good enough for Britain to shut up shop at 5pm. Time is at a premium for many people. They want to do things when it's convenient, not when husinesses say they can," said Phonebank director Paul Swainbank.

## Japanese investment delayed by lack of panies reported that 46 per top quality suppliers able qualifications or skills,

A hig Japanese investment project in the West Midlands region of the UK has hit significant delays after Ishida, a Japanese industrial equipment company, experienced difficulties finding British suppliers of a suitable quality. Ishida, which specialises in

high-technology weighing machines for snack food production lines and has annual worldwide sales of about £300m (\$465m), is being offered a £1m Department of Trade and Industry grant to help it set up a plant in Birmingham, the UK's secondlargest city. It has evaluated about 40 component suppliers, hnt says only three met its technical standards.

The highest levels of turn. The company says too few UK companies, particularly in the West Midlands, are interover were found among parttimers. Last year's turnover rate was 33 per cent for ested in huilding long-term part-time manual workers and 31 per cent for part-time non-manual workers, compared relationships rather than focusing on short-term profits. It complained of broken with 12 per cent for full-time promises" from UK companies manuals and 14 per cent for full-time non-manuals. The which deliver to a lower quality than previously agreed.

The problems are likely to delay ishida's plan to build a lowest level of turnover, at 10 per cent, was within manage-

cialist weighing machines it sells to Europe. The plant would create about 100 jobs. Ishida's experiences high-

light the gap in expectations over quality between some parts of UK industry and big Japanese companies in spite of large efficiency improvements in recent years by many UK manufacturers, particularly in the automotive parts sector. The company's problems may interfere with the planned announcement later this year that Ishida has quali-

fied for a DTI grant under the government's regional assis-While Birmingham cltv council has offered to help Ishida identify better-quality suppliers, Mr Mike Sutton, director of the DTT's West Midlands office, said: "The difficulties

experienced hy Ishida do not

give a general view of suppli-

ers in the West Midlands." Mr Mark Edwards, materials manager at Ishida's UK division, said the company bad had "great difficulties" finding companies which could make parts to the required standard

# Unionists grasp mood of pragmatism

traight talking is normally the way the Ulster Unionists like to conduct their politics. But at the par-ty's annual conference on Saturday, there was a new sophistication in the presentation of

At last year's eathering. there was a striking mismatch between the worries voiced from the floor about the peace process, and the assurances the leadership provided from the platform. From this week-end's proceedings, Mr David Trimble, the new leader, appears to have a better grasp Having stood on the side-

lines while progress became bogged down over the arms issue, the party now appears keen to adopt a more assertive role. For so long espousing negative politics, the UUP now feels it has a leader to argue its case with nationalists.

"No decision should be taken on all party talks without our agreement and it's foolish to think otherwise," Mr Trimble

Like all unionist politicians Mr Trimble is mindful of the experience of other unionist leaders who have attempted to make compromises with nationalists without the sup-port of the grass roots. He is

not about to rush into talks, hut be is also keen not to be cast as the intransigent party. From Saturday's show of hands from the floor, no one in the party is in any doubt that the government is about to shift its position on the need for the IRA to make a start to decommission its arms before Sinn Féin is allowed into talks Mr Trimble is not ruling out anything - even the government's proposal for a twintrack approach, with the set-ting up of a commission to deal

with paramilitary weaponry at

the same time as the parties

would be asked to enter pre-

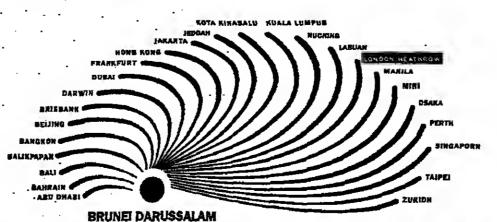
liminary discussions.

He remains suspicious that the formula is a fudge to need for the IRA to take its arms out of commission. But while progress is stymied over arms, unionists are anxious to ensure that they are not seen as the intransigent parties. As if to underline this new pragmatism Mr Trimble continues his ritual dance with

Dublin today with a meeting in Belfast with Mr Dick Spring. the deputy prime minister. Mr Trimble delivered a fairly undiplomatic broadside against the Irish politician during his conference address. There is certainly little love lost between the two politicians. However his overtures to the government Dublin is another approach. He even conceded yesterday, in an interview with Irish radio, that the government in Dublin may be asked to contribute to his proposed convention.

Mr Spring is likely to take Mr Trimhle's jihes in his strides. Underlining his own bid for improve relations. Mr Spring is this morning due to pay his respects at a memorial at Newtownards to the Battle of the Somme, a key event in Ulster history.

John Murray Brown



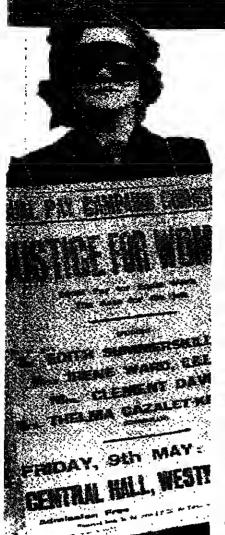
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## THIS WEEK

## FT GUIDE TO

SEX DISCRIMINATION



Politicians seemed to be getting themselves in a lather about sex discrimination last week. What is going on? The increasingly controversial European Court of Justice delivered two important sex discrimination judgments. On Tuesday the all-male Luxembourg court banned the use of job quotas for women, casting doubt on the future of affirmative action programmes throughout the European Union. And on Thursday the court ruled that Britain's regulations on free medicines for the elderly discriminated against men

Doesn't the UK's Sex Discrimination Act already outlaw jobs quotas for women?

So why the fuss? Britain is not the only member of the EU, you know - nor the only one concerned at the impact of Luxembourg judgments.

Most continental European politicians were angered by the decision. Job quota schemes are one of the main instruments used by governments and employers in many other EU states to promote equal opportunities in the workplace. Italy for example has 50 schemes operating in the corporate sector and the Netherlands has several in government service. German politicians were particularly upset by the decision which concerned a state quota aw in Bremen.

The European Commission also condemned the decision, which outlaws its own programme for promoting women among its 19,000 staff. Officials predict a flood of cases from men who have lost

promotion battles to female colleagues because of the scheme. Mr Padraig Flynn, EU employment commissioner, has suggested European employment law may have to he changed to specifically allow jobs quota schemes.

Haven't women's quotas featured recently in other contexts?

Yes. Chancellor Helmut Kohl has been trying to persuade his Christian Democratic Union to back a plan to allocate a third of party offices to women. He failed by five votes at last week's CDU annual congress, although he says he will try again next

In the UK there has also been controversy about Labour's women-only shortlists for some parliamentary seats. Labour is facing a court challenge from two rejected parliamentary candidates who claim the policy is illegal under the Sex Discrimination Act.

This row did at least allow the Conservatives to make some political capital out of the European Court's decision. Brian Mawhinney, Conservative party chairman, claimed the decision would force Labour to abandon all-women shortlists. Labour said the judgment did not apply because parliamentary candidates were not employees of the party.

Did Britain's Eurosceptics have a go at the Court over the prescription charges judgment? Surprise, surprise. The UK government's response, however, was more measured. It

immediately agreed to grant free prescrip-

tions to more than one million men aged 60-64, a decision which will cost it about £40m a year - although it did limit the retrospective effect of the judgment hy invoking a 1993 prescription charges regulation covering applications for refunds.

By limiting repayments to the past three months it has cut the cost of meeting backdated payments from more than £500m to £10m. It was the retrospective effect of the judgment which seemed to cause the most upset. By placing no time limit on the ruling the Court opened up the possibility of claims dating back to 1984 when the equal treatment directive in social security matters came into force.

So, what was the case all about?

UK health regulations tie the entitlement to free prescriptions to the state pension ages. That means men have to go on paying the £5.25 prescription charge for five years longer than women. Cyril Richardson, a retired lecturer, thought that discriminated against men and was unlawful under the 1979 directive. The Court agreed with him - particularly, it said, because there was no objective justification for tying the benefit of free prescriptions for the elderly to the state pension ages.

Couldn't the government have got round the problem by raising the free prescription age for women to 65? Yes, but it didn't think it wise to risk alienating such a large group of potential Tory voters so close to a general election. Besides Mr Major has pledged not to

charge pensioners for prescriptions.

This isn't the first time Britain has found itself in the European Court on the issue of sex bias in the employment and pensions fields, is it?

No. In the landmark 1990 Barber case, involving occupational pension schemes, the court ruled men and women should receive equal pensions as well as equal pay for equal work.

The judgment was time limited because of fears of the financial impact on employers of making the decision retrospective. Since then there have been several other cases on equal treatment in

Is this the end of the issue? No. There are further cases in the pipeline on the qualifying age for pensioners' free bus passes and whether widowed fathers should receive the same benefits as widowed mothers. At present men get nothing

but women get a £1000 death grant plus the widowed mother's allowance. As for job quotas, this may be just the first in a series of cases.

Well, Is any of this at least having an impact on sex equality? Not much, judging by the response of European politicians to the job quotas judgment. Affirmative action programmes are still seen as essential if progress is to be made throughout the EU towards

equality of opportunity between men and

women in the jobs market.

**Robert Rice** 

This is a transcript of o tape, found on the back seat of a taxi near the US Embassy in Tokyo. It is a tele-

phone conversation, overheard by

persons unknown, here reproduced

so that the owners might reclaim it.

"Takeshita at the Ministry of International Trade and Industry

speaking. How are things going at

the Foreign Ministry these days?"

Sato: "Terrible. For the first time

in my career, we have two diplo-

matic problems concerning the US

simultaneously: the outcry over

the assault of that schoolgirl near the US base in Okinawa last

month; and now allegations that

the CIA was eavesdropping on

your people at the Geneva talks

about access to the Japanese car

market last spring. To what do I

Takeshita: "We aren't quite sure

how to respond to this CIA bug-

ging thing. At first the trade boys

took it lightly, saying it makes us look even more like the good guys

than before. The CIA made them-

selves look incompetent and the

Japanese honest. But then we

passed the papers on to the top

people in the ministry, and they

tell us to go into damage limita-

owe this pleasure?



. . . to upholding justice

# Reichardt men graduate

Richard Waters on a landmark week for two US bankers

ast week, two former colleagues and proteges of Carl Reichardt, one of the most renowned American bankers of his generation, made headlines of their own - though in very different circumstances.

One was Paul Hazen, Reichardt's lieutenant and confidant for nearly three decades. When he took over from his mentor as chairman of Wells Fargo at the beginning of this year, it seemed that Hazen would have trouble emerging from his predecessor's shadow.

A charismatic, domineering character, and the first banker of his generation to shake off the traditionally blinkered thinking of the banking industry, the former chairman had turned Wells into one of the US's most profitable banks. How could the quiet, purposeful Hazen follow that?

Last Wednesday, he showed how. With an audacious \$10hn (£6.4bn) swipe, the new Wells Fargo chairman delivered what could well prove a knock-out bld for First Interstate, a rival Californian bank tbat Reichardt had covetted for years. It was the first hostile assault

One day later, attention switched to Frank Newman, until recently deputy secretary of the US Treasury. Newman was named the next chairman of Bankers Trust, completing an overhaul of the troubled New York bank's senior executive suite and prompting the immediate resignation of the man previously regarded as the heir apparent, Eugene Shanks.

Newman had himself worked with Reichardt and Hazen before moving to BankAmerica to work under Richard Rosenberg – another



Hazen: audacious \$10bn swipe

Wells Fargo alumnus. He was quick last week to pay tribute to the Wells Fargo influence on his own career. "Both Paul and I learnt a lot from Carl Reichardt," he said - in particular the ability to look at banking as a business like any other.

Of the two new bank chairmen both of whom are 53 - it is Hazen who has lived longest in Reichardt's shadow. The two teamed up as long ago as 1966, working first at Union Bank before climbing together through the ranks of Wells Fargo. As a double-act, they led the bank ment

Playing second fiddle for so long never seemed to tronhle Hazen - in part, no doubt, because their relationship was a more equal one than was frequently perceived. In 1986. for instance, it was Hazen who negotiated and steered through the acquisition of Wells Fargo's West Coast neighbour, Crocker National, from the UK's Midland Bank (Wells has since added Barclays' Californian operations as well.)

Also, working alongside Reichardt has clearly done him no

harm as a manager. "Paul's experience with Carl has been very good for him." Newman said. The former colleague depicts Hazen as a methodical and purposeful man. "He's the kind of guy who digs into husiness issues very thoroughly. He creates action plans and insists that they are seen through." he said.

Others who have worked with Hazen put it less kindly. His powerful analytical approach and remorseless pursuit of husiness objectives, together with his lack of Reichardt's easy charm and charisma, have also earned Hazen the reputation of a cold and calculating man. That he is not a natural leader is widely acknowledged.

For his part, the Wells Fargo chairman seems unperturbed by these perceptions. Of his image, he commented earlier this year: Myths have a way of just growing because that is what people look for. I don't get too excited by it."
It is not all myth. Once he has set

a target, the Wells Fargo chairman exhibits a remorseless determination to succeed, and is never satisfied with half-measures. It was Hazen, for instance, who led the lowest-cost bank of its size. And he has recently shown a similar singlemindedness in using the bank's excess capital to buy back its own shares - something no other bank has done on such a scale, and a gesture that has made him a favourite of Wall Street.

If successful, the lunge at First Interstate could give Hazen the ammunition to cut costs and huy back shares into the next century. By combining the two banks and cutting First Interstate's cost levels to those of Wells Fargo, Hazen promised he could squeeze out \$7.5bn of cash with which to huy hack shares by the year 2000. In a year of big US bank takeovers, no other banker has dangled such a massive carrot before the stock

market's eyes. Hazen is clearly impatient to get on with the job. During a late-night telephone conversation on Tuesday. William Siart, chief executive of First Interstate, asked for six months to allow his Los Angelesbased bank to review the various options for its future.

Hazen's hostile response arrived that night. "I believe they ought to consider it today," he said the fol-lowing morning. "Every day that goes by is a lost day."



#### Coles Myer scours the boardrooms for its new team

Now that institutional investors' demands have largely been met in terms of boardroom departures from Coles Myer, Australia's biggest retailer, the onus is on critics and remaining directors to get a new team in place, writes Nikki Tait in Sydney.

Nohhy Clark, former managing director of National Australia Bank. has been tipped as the critics' choice for the all-importment job of non-executive chairman. Clark, 66. has spent the past five years as chairman of Foster's Brewing Group, overseeing its struggle to shed the legacy of 1980s chief. John Elliott.

But his arrival at Coles might make life difficult for Peter Bartels. the retailer's chief executive who survived Thursday's boardroom purge. Bartels was chief executive of Foster's in the early-1990s. But in 1992, he quit, with disillusionment rumoured on both sides.

There is also not-inconsiderable task of finding five strong-minded non-executive directors. The original list was said to include Ric Charlton, the former head of Shell Australia, and Bruce Hogan, former joint managing director of Bankers Trust Australia. However, one candidate has withdrawn his name believing that, since the boardroom cleanout was less than complete, a new board would be divided.

Finally, somewhat overlooked in the week's tumult is the fact that Coles still lacks a finance director.

#### Floyd Hall's Kmart honeymoon goes flat

The honeymoon is over for Floyd Hall, appointed in June as chairman and chief executive of US discoont retailer Kmart, writes Maggie Urry in New York. Last week the company was

forced to deny stock market speculation that it might consider filing for Chapter 11 bankruptcy in order to gain protection from its creditors while it performed the

amputations needed.

The day Hall's appointment was announced, the shares rose \$1% to \$14 and in subsequent weeks they ran up to \$16%. But by the end of last week they were at around \$10.

Hall has had a long career in retailing, especially in reviving poor performers. He turned round the loss-making Grand Union supermarket chain while in charge there from 1984 to 1989, when Sir James Goldsmith owned it. The recovery was, however, temporary and following a leveraged buy-out, after Hall bad gone, that company is now in Chapter 11.

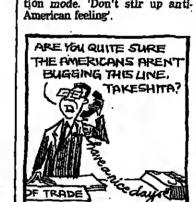
But while Hall regards Kmart's problems as large but manageable, the stock market is clearly growing impatient. There is unlikely to be better news in the third quarter results, which Kmart has already warned will be "well below" the 4 cents a share earned in the same period of 1994.

Gemina reshuffle brought forward

A year ago, many managers might have snatched at the opportunity to take operational control of Gemina, These days, it looks more like the sort of challenge which only the hrave would relish, writes Andrew Hill in Milan.

Gemina, which is controlled by Fist, Mediobanca and other members of the Italian husiness establishment, is burdened with continuing losses at RCS Editori, its publishing and media subsidiary. Ten current and former executives have mean while come under investigation for alleged falsification of accounts, and the company has put off its plan to merge with the Ferruzzi-Montedison

industrial group. The crisis has brought forward the management reshuffle which Fiat, Gemina's largest sbareholder, always said would be necessary after the merger. After an emergency board meeting 10 days ago, Francesco Varcasia, a consultant, was unexpectedly appointed to the new job of chief executive and Manfredo Manfredi came from Barilla, the pasta group, to take over as deputy chairman of Gemina. One existing board member, Eugenio Coppola di Canzano, has also joined the three-man executive committee which must now try to unravel the company's problems.



"If Japanese public opinion gets too uneasy about the US, then President Clinton, under pressure to cut his budget deficit, may just take Okinawan protests at face value and reduce what is the main US military base in Asia. Bang goes Asian security and bang go the lot of us, they said. Miti is not just in the business of saying no to Mickey Kantor, they told me." Sato: "I'm glad your bosses see it my bosses' way. I bope this is a secure line, unlike the one your boys used in Geneva." Takeshita: "Of course. Scrambled at both ends. So what's your

Sato: "I am even more worried about US relations than your bosses at Miti. The coincidence of the Okinawa incident and now this hugging thing has created something which we hureaucrats cannot control I have never seen Japanese public opinion move so out of line with the government establishment. This could not come at a worse time, four weeks before prime minister Tomiichi Murayama meets president Bill Clinton in Osaka [on November 19]. Both leaders are in danger of missing the big picture.

"We have got a lot more worried about Chinese military expansion recently, what with their nuclear tests and claims on the Spratly islands. Our relations with both Koreas have worsened thanks to a stream of tactless remarks by our politicians seeking to justify Japan's former occupation of the peninsula. We need our strongest ally more than ever. Any threat to a friendly Murayama-Clinton summit could be bad for anyone who lives or does business in east Asia. Until all this blew up, we were confident that Murayama was on our side and was set to use the Osaka summit to confirm tha strength of the US-Japan security alliance. Now, who knows?" Takeshlta: "You guys in foreign

lost and found

Okinawa tapes –

DATELINE

Tokyo: Japanese consternation at the rumoured existence of CIA tapes is growing, writes William Dawkins

careful of the US relationship than we in international trade. But surely the US relationship is strong enough to survive a spot of bickering? Neither we nor our counterparts in Washington are going to be distracted by trivia." Sato: "I'm not so confident in the unshakeability of our alliance. Our own political establishment, as you know, has become less predictable in the past two years. since the Liheral Democratic Party lost its first general election in nearly four decades. Murayama, like so many Socialists, is much more sensitive to public opinion than were his LDP predecessors. He plans to ask Clinton to cut US forces in Okinawa. Previous prime ministers would have held the there is a limit to what we can do to help him assuage those Congressional budget cutters. The finance ministry has agreed to increase our Y620bn annual contribution to US forces in Japan. But it is only a Y3bn per year rise. I doubt that will be enough to satisfy US critics that Japan is paying its way."
Takeshita: "Aren't you being too

sensitive? Surely, we have earned lots of US sympathy over the Okinawa incident? They will bend over backwards to satisfy the Okinawans, without actually weakening their military presence." Sato: "Don't be so naive. It is not

just the Okinawa Incident. That will be forgotten in a few weeks. More dangerous is the argument, advanced by the younger generation on both the left and right of Japanese politics and a large number of regional governors, that the US relationship ahould be put on a more equal footing. We should stop living under Washington's skirts, they say. With the Soviet Union dead for four years, we can lcok after ourselves, they argue."
Takeshita: "I think Washington
would also be happy to see Japan flex its diplomatic muscles a hit, for example by contributing more to United Nations peacekeeping." Sato: "But an equal security relationship? No thank you. We owe our post-war success precisely to an unequal security deal, in which the US has assured Japan's defence in return for that small payment and guarantee of friendship. That way, we could devote all our resources to rebuilding the economy. Goodness knows, it needs plenty of rehuilding just now. We can't afford to do without the US defence umbrella."

Takeshita: "If you put it like that, fair enough. We at Miti share your strategic concerns. Don't accuse us of being irresponsible, just because the end of the Cold War has given us the confidence to be tougher in fighting off US threats of economic sanctions. But, as I said before, what should my ministry do about it?"

Sato: "Two things. Easy on the get-tough trade rhetoric until things have settled down. And remember that wonderful bit of electronic widgetry your people put together to snoop back at the CIA in Geneva? May I borrow it?" Takesbita: "Don't helieve such fantasies. Mitl hasn't done any serious espionage for 50 years. Like your ministry, we fired our spies after the war. Like you, we just have an intelligence department, helped by a few friends at the trading companies. They are a affairs have always been more lot more useful than spies."



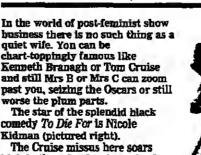
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worse the plum parts. The star of the splendid black comedy To Die For is Nicole Kidman (pictured right). The Cruise missus here soars high in the role of a ptn-hrained career woman scheming to dispose of her busband.

Prattling and primping in killer frocks, this TV weatherwoman dreams of glory as a documentarist. Then, on getting her chance, she realises that the three dopey teenagers she is interviewing for a "Whither the young?" video special might also

elp with her planned crime . . . Kidman's heroine is obviously related to last week's twittering social climber (ostensibly based on Jane Austen's beroine Emma) in

Both girls are gloriously composed of snohbery, home-made proverbs and runaway wardrobes. And with Gus Vant Sant (of My Own Private Idaho) directing, a little acid fantasy is added here for even better measure. Elsewhere on the large screen.



Hounted is a promising-sounding thriller about death and clairvoyance: sight unseen, it seems to be a cross between Don't Look Now and The Hounting.

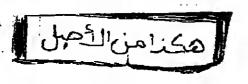
And in Under Siege 2, action star Steven Seagal is back. In this picaresque offering be rescues the passengers of a hi-jacked train and. predictably perhaps, saves the world for freedom, democracy and Under Siege 3.

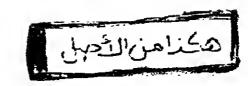
The most sumptuous video is Legends Of The Fall, a lavish early-ceotury soap opera which boasts Anthony Hopkins and Brad Pitt clashing as father and son amid the beautiful scenery of Montana.

Smaller and even better is Clerks. a low-budget "sleeper" that woke everyone up on last year's festival ctrcuit

The plot involves two gabby young store clerks who engage in scabrously funny dialogue reminiscent of Tarantino during a long day, while incidents involving sex, death or crime occasionally take place to distract them.

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E EASTERN GERMANY: by Judy Dempsey

Western parties have failed to eliminate the successors of the east's communists

When the Party of Democratic Socialism (PDS), the successor to east Germany's former communist party, got 30 of its canparliament in the elections last year, the established parties were surprised and disap-

Surprised, because the PDS did so well. Over 19 per cent of the east German electorate voted for the party and the PDS polled 4.4 per ceot of the vote across the country.

Disappointed because, in a strange way, west German poltticians seemed to believe that if east Germans were becoming more like west Germans io terms of their life style, in how they saved and travelled, then there was no reason why they should not adopt similar simi-

lar voting patterns, In the aftermath of those elections, there was a feeling in Bonn that the east Germans, by voting for the PDS, were being ungrateful for all the financial transfers from west to east Germany which this Even earlier, when the Social Democrats (SPD) and the in the eastern state of Saxony-Anhalt in June 1994, there had beeo a terrific outcry from Bonn. The stability of that coalition depends oo support from the PDS. The newspapers wrote about the return of the communists to east Germany. The polemics recalled the days of the Cold War. Mr Rodolf Scharping, leader of the SPD, was more thao reloctant to

back such a coalitioo. The reaction in Bonn showed that the west German political parties did oot understand their own parties in east Germany. If anything, five years after German reunification, there is a wide gap between the Christian Democrats (CDU) and Social Democrats (SPD) in east Germany and their sister parties in west Germany.

The point is that we all lived here in east Germany for the past 40 years," said Mr Hans-Jürgen Beich, head of the CDU in Demmin, a small town in the eastern state of Mecklenburg-Vorpommern, 'We understand the problems. The west German parties expect us to think like them. We cannot. And we doo't want to. We want our voice to be heard."

Having that voice represented was one of the reasons why the PDS did well in last helped by the fact that it had. and continues to have, a strong grassroots organisation inher-Ited from the former Socialist Unity, or communist party. Over 90 per cent of the PDS's

the PDS might well be a party for east Germans. However, Mr Brie knows that if the east German economy continues to grow, this could erode the support for the PDS. "We know the problems we face. The older generation 122,000 membership are former will not live forever. And as

Eastern German parties' 1994 voting shares % of vote 31.5 Bündnis 90/Greens

communist party members. Many belong to the older generation. Many are unemployed. "It is true that for many east Germans, the PDS was a kind of protest party during the last elections," said Mr Andre Brie, the party's leading strategist

Free Democratic Party

and campaign manager. But studies by the Free University in Berlio show that those who voted for the PDS also incloded a vounger generation who not only sympathise with the party's left-wing policies; they regard the PDS as the party which can represent the Interests of east Germans.

state: Brandenburg. Elsewhere, it is in coalition with the Christian Democrats (CDU) in the states of Mecklenburg-Vorpommern and Thuringia. If the PDS does manage to modernise itself - and remain

east Germany's third largest

more people become prosper-

ous, the PDS may not seem

relevant for them. That is why

we are moving away from

being a protest party to becom-

ing a modern left-wing party

which could replace the Social

Democrats in east Germany,"

he added. The SPD has the

majority in only one eastern

Indeed, what the Christian

Social Union is for Bavarians,

political party - it will confirm a trend which has been evolv-ing in the eastern states since 1990: there is little or no room for liberal Free Democrats (FDP), or in most cases, the Greens. If anything, the contest currently being waged in eastern Germany is which party will hold the left-wing ground not which party will bold the centre or liberal ground, a position the FDP enjoys - for the moment - m

The reason why politics has become almost polarised in east Germany stems not from deep seated ideological rea-sons. Policies matter up to a point. But I think personalities play a major role," said Mr Beich. Mr Manfred Stoipe, the SPD state premier of Brandenburg, is just as popular as Mr Kurt Biedenkopf, the CDU state premier of Saxony.

The other reason is there is

not yet a middle class, or new entrepreneurial elite grouped around the Mittelstand the small and medium-sized enterprises which would automatically lend its support to the FDP. That is exactly one of our weakne es in the east. said Mr Wolfgang Oehme, the FDP's spokesman in Berlin. "We don't have a Mittelstand." More revealing is that FDP

support in the east is so poor e east Germans are not ready to weaken their depen-dence on the state and are not ready to take initiative. "The east Germans still expect the state to solve their problems and tell them what to do, losophy," an FPD spokesman

As for the weak support for the Greens, "the east Germans have far more important things to think about than environmental issues and citims' rights," said Ms Anne Nilges, the party's spokes-woman in any case, east Germs believe the environment stench from the old chemical works in Szzony-Anhalf has gone as old industrial complexes have been shut. In last year's federal elections, the FDP and the Greens polled an average of 3.5 per cent and 4.3

"It will take time for more stable politics to evolve in eastern Germany," said Mr Wolfgang Gerhardt, head of the FDP. But the PDS, much to the chaggin of the politicians in Benn, still believes it will be an important factor in the

## Struggle of the dispossessed

More than 1.1m claims for property stolen by Nazis or Communists

remain unsettled Mr Alexander Gerard lives in

burg and Mr Freddy Kaufnann lives in London. They have never met, but they have something in common. Both have tried, so far in vain, to get back their property in eastern Germany.

Mr Gerard, in his mid-forties, is descended from Huguenots who bought land in Berlin at the end of the last century. Mr Kaufmann, in his early seventies, is a former Jewish refugee from Nazism

Gérard has been trying since 1990 to get a back a strip of land in Kleinmachnow, a part of east Berlin through which the Wall once ran. Kaufmann has been trying to reclaim the family factory, house and garden in the Saxon town of Gör-

Both have been unsuccessful due to what lawyers call a combination of circumstances red tape, inefficiency and above all a reluctance to return assets to their former

They are among tens of thouands of people whose efforts to retrieve their family's inheritance have been folled by enormous bureaccratic obsta-

The issue of property rights is probably one of the most contentious consequences of German reunification.

Such claims - there are currently 1.1m outstanding on more than 1.3m property titles will not be resolved for a least another 10 years, according to Mr Hansjurgen Schäfer, head of the federal office for the settling of property ques-

Under the terms of the reunification treaty, former property owners whose land had been confiscated by the Nazis between 1933 and 1945 and by the east German communists between 1949 and 1990 were entitled to full restitution or ognereation.

investors priority over restitution. This meant that if an investor promised a certain not match, the investor got the . was offered compensation.

some Some lawyers argue. reunification, there was so much property available, the trying to get back property for

to roll back the government's commitment to restitution. It suits the finance ministry. It cannot afford restitution or compensation. It suits the sition Social Democrats who never wanted restitution in the first place," he added.

Despite the investment priority clause, there are still large swathes of land in Berlin which investors will not touch. And these will continue to German government finds a one particular stretch of land.

This is the route of the former Berlin Wall which snaked along 165 kilometres and through 3,000 former residences. Instead of being returned to its former owners. this land was placed under the Bund, or federal authorities, in 1990. The federal government argues that the eastern border areas of tha Wall had been placed under the former east German defence ministry. With the advent of unification, this property was automatically

placed under the Bund, where Since then, however, Berlin politicians and former owners have campaigned to get their land returned. The government has not hudged. And investors land, some of the most lucrative in the German capital, as former owners, who are demanding restitution or compensation, battle it oot in the

The "Mauergrundstück", or wall property dispute, is not the only bona of contentioo between former property owners and the government to hold up investment. A ruling last February was supposed to end a dispute about the so-called Liste 3". This list consists of more than 100 properties io east Berlin, including depart

· The Soviet authorities, who had administered east Berlin and east Germany betweeo 1945 and 1949, did not expropriate these properties. There was no official announcement of these expropriations - common even during those chaotic times - and at a time when the Russians were expropriating vast amounts of industry and

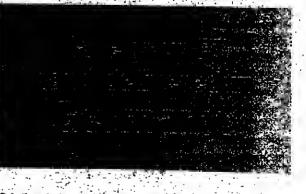
Under the terms of the reunification treaty, former owners whose land had been expropriated by the Russians are entitled neither to restitution nor compensation. The land

reverts to the Bund. Yet, in a curious twist of history, a Berlin court last Febru-· ary ruled that even though the expropriation of the "Liste 3" properties had not been registered before the Soviet authorities formally ceded the admin-'Ehis turned out to be easier istration of east Berlin and in principle than practice. For \_east Germany to the east Gerexample, in an apparent effort, man communists on October 7. to speed up investment in east. 1949, it had to be assumed that introduced a clause giving meant to register the property as expropriated before that

. The claimants had argued level of investment and jobs, that because it had been the ...communist regime which had property. The former owner property had been expropriated - after October 7, 1949 they were, under the terms of that this clause was completely the unification treaty, entitled unnecessary. "After German" to either restitution or compento either restitution or compen-

This court ruling was very like what happened to Alexanintroduce their investment prider Gerard's property. The ority clause, said one who is regional Potsdam office for the settlement of property questions recently argued that although Mr Gérard's property may appear to fall under the 1949-1990. category, entitling him to restitution of compensation, it does not do so because since the Wall ran through it, the east German authorities could have intended to place it under their ministry of

defencei
The German authorities today are actually saying they are rectifying what they think was a mistake on the part of and undeveloped until the the DDR authorities," said Mr Gerard. "It makes me wonder compromise with the owners of \_ about the government's commitment to restitution."



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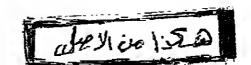
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## BUSINESS EDUCATION

The Fuqua school in the US has set its sights on Europe, says Della Bradshaw

# Peering across the pond

The colour of your business suit or the leogtb of your resume may be the most you coosider when you head off for a husiness school interview. But you could do a good deal more to improve your chances.

Altered

image

Marketing Yourself to the Top Business Schools\* has heeo written by husband and wife team Phil and Carol Carpenter, both with MBAs from Harvard. Their advice is to find out as much as you can about the prospectiva schools - those that most closely suit your needs are the ones where you are most likely to gain

Bookham

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The most valuable information, he argues, comes from people connected to the school - alumni, pres-ent students and professors. And, he says, you should not be put off hy preconceptioos. "We almost didn't even apply to Harvard because of our preconcep-tions of what the course was." It was only hy accideot that they visited the school and decided to apply.
\*Published by John Wiley
& Sons, New York, \$14.95.

Duke University, in Durham, North Carolina, has got a European identity problem. In the US Duke is rated as one of the top 10 universities and Fuqua is regarded as one of the most innovative of husiness schools. But in corporate Europe the name is usually greeted

with a "who?" or a "what?" "Neither the Fuqua school nor Duke University have the brand recognition nor the brand relationships," says David Miller, director of European rela-tions. So unlike a Harvard or an MIT, it has to sell itself before it can sell its courses.

The problem is particularly taxing because Fuqua sees its Iuture as an international business school offering global training packages. "Our aim is to be one of the best business schools in the world," says Wesley Magat, senior associate dean for academic programs.

Fuqua is living up to its progressive image with an executive MBA programme which uses the worldwide Intercet electronic mail network to deliver material. Fifty per cent of the learning will go on electronically. There will also be five residential modules during the 19-month programme.

The school decided a year ago to base its global executive MBA on the Inter-oet network, at a time when the technology was still in its infancy and its popularity still in question. Magat believes time has proved the decision right. "The course is available to high

he Fugua School of Business at potantial managers anywhere in the dents sign on at their computers and become more and more international world who have a phone line," he explains.

The course will begin in June 1995, but elemeots of the technology are already being used on the Durham site as part of existing business pro-grammes. "We're developing a vocahulary, we're literally designing a new way to teach," says Magnt.

He describes a scenario where stu-

then walk into a virtual classroom. From there they could go to a groop discussion, or to the library.

Fuqua's proven strengths are in tailoring programmes for individual clieois, such as Johnson & Johnson and Eli Lilly. And it is partly the demands of these companies that have forced Fuqua's international hand. "The bottom line is learning. As our cheots

Europe

US business schools: global executive MBA programmes\* 50% a years 0% Regional 100% 12 years we have to too," explains Miller. The school's move into Europe has

been pro-active too, counters Magat. "Our comparative advantage is that we create knowledge and bring it into the classroom. Our faculty has as much global knowledge as any other Ameri-can business school, but we want it to

have much, much more."
Miller cites the three-week development programme for Russian managers that Fuqua runs in St Petersburg as one source of such knowledge. More than 500 managers have graduated from the course and numerous tutors from North Carolina have flown over to teach it. "It has given us an extraordinary opportu-nity to educate the faculty."

Miller has set himself a gruelling schedule in his crusade to convert European businesses into Fuqua clients. "My primary objective is to develop relationships and to visit 200 human resources people in European companies over the next year." If 40 new companies huy courses from Fuqua, Miller says he will be "ecstatic".

Fuqua's move into Europe comes at a pivotal time for the school. Its dean, Thomas Keller, is leaving after more than 20 years. His replacement will be appointed by the end of the year. Magat promises that the appointment will set managers thinking about the role for business schools in the 1990s. "One of the criteria for the job has been that he or she must appreciate a commitment to elohal management."

## **NEWS FROM**

Managing directors go back to school

When recession bltes it is a brave owner-maoager of a small company who decides that he or she needs to retrain. But a recent survey shows that the move could pay off. The research, from the UK's Cranfield School of Management, examined how small firms performed hetween 1992 and 1994 and compared that to companies where the managing direc-tors had been trained on its Business Growth Programme. Companies headed by managing directors from the course grew four times as last as average and increased profit growth. The next part-time course will begin

in January.

• Cranfield has developed a one-week course for IT managers to help them improve the level of service they give their IT users and maximise the benefits of the compoter

Cranfield: UK, (0)1234 751122

London courses with eastern promise

Managers with MBAs or extensive business experience are not necessarily qualified to handle husiness over-seas. So London's School of Oriental and African Studies (Soas) has lannched two courses to help people do husiness m south-east Asia and China.

The one-year, or two-year part-time, courses look at the politics, economics, history, geography and cultural back-ground of the two areas as well as commercial law and international management. Languages can also be studied as part of the programme. The course leads to a Master of Arts degree. Soas: UK, (0)171 637 2388.

**Executive education** on the box

The Wharton School of the University of Pennsylvania bas developed two executive education programmes which managers can receive via sat-ellite oo the Executive Education Network, developed by Westcott Communica-

tions, of Dallas.
The two courses will he used to train managers in companies such as Disney, Hewlett-Packard and Texas Instruments in financial management and marketing. The courses can also be pur-

chased on video. Wharton: US, 215 898 1776.

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Starting out as an office of just 13 staff, CETRA has grown with the Taiwan economy to an organisation employing over 800 people. In addition to operating the Taipei World Trade Center and the Taipei International Convention Center, the council provides a broad range of trade-related services from its headquarters in Taipei and through over 40 representative offices worldwide. These services include: Collating and distributing trade information, market research and surveys, market promotion, organizing exhibitions and commercial and industrial education courses. CETRA also executes various long-term projects initiated by Taiwan's Ministry of Economic Affairs in such areas as manufacturing quality improvement, increased use of automation in industry and enhancing the image of Taiwan-made goods

The image of Taiwan's industry was traditionally that of low cost, high-volume manufacturing, often for foreign companies on an OEM basis. CETRA's current prime objective is to shepherd Taiwan's industry in its efforts to be recognized as a producer of quality goods utilizing high-technology.

One of the main thrusts in these efforts is the emphasis of design as a key tool in the process of creating innovative, high-quality products. To this end, CETRA set up the Design Promotion Center (DPC/CETRA) in 1979 with the aims of encouraging Taiwan manufacturers to embrace design and upgrading the island's design capabilities.

In its 16 years of existence, DPC/CETRA has gone a long way towards achieving its aims by organising design improvement projects, exhibitions, awards schemes and foreign design exchanges, as well as establishing three Taipei Design Centers in Milan, Dusseldorf and Osaka. The centre has also actively involved itself in the international design community and hosted the prestigious ICSID Design Congress during September of this year.

Another of CETRA's main trade promotion activities is organising trade shows, many of which are held in the Taipei World Trade Center (TWTC). This CETRA-managed sevenstorey structure has a first-floor showground with a total area of 26,800 square meters and is able to accommodate more than 1,300 show booths.

Two upcoming shows at the TWTC will highlight Taiwan's diverse manufacturing abilities. The Taipei international Autumn Gift and Stationery Show has grown into one of the industry's premier trade shows and runs from November 1-4. Taiwan is a regional leader in this product area and among the show's features will be high-tech electronic giftware for the Japanese market and environmentally-friendly stationery products for Europe and the US.

Soon after this, the Taipei International Medical Equipment and Pharmaceuticals Show, which runs from November 10-12, is expected to attract over 600 exhibitors from around the world. The entire spectrum of medicine will be represented at the show, from Chinese herbal remedies to cutting edge technologies.

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Henderson Crostiwatte Corporate Finance Limited ("HCCF") amounces on behalf of Chilliem Capital Limited ("Chilsem"), a company incorporated in Bermude, that by means of this advertisement and a formal offer document dated 23 (occuper 1995 (the "Offer Document"), HCCF has made an order (the "Offer") on behalf of Chilliem to soquire the existing issued and fully paid shares of 10p each in Alpha Chilliem pic ("Alpha Childron") and gny further such shares which are unconditionally allotted for issued before the time at which the Office of chase or hetera such partier time as or issued before the time at which the Offer closes or before such earlier time as Chillern may decide (not being earlier than the date on which the Offer becomes unconditional as to acceptances) ("Alpha Omikron Shares").

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23 October 1995

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Asda Finance 10%% Cnv Cap

Black (Peter) 3.79p Commonwealth Bk Australia Cyanamid (UK) 9.61% Gtd Bds 2007 £240.25

Epwin 2.9p Ericsson (Tele.) 7%% Bds 1996 \$393.75 Glaxo Wellcome 20p TOCHU FRN's '97 Y26384 Latin Am Extra Yield \$0.18 Lazard Select Inv Ptg Red Prf Global Active 2p

Do Ptg Red Prf UK Active 18p

Do Ptg Red Prf UK Index 14n Do Ptg Red Prf UK Liquid Assets 9.02969p Do Ptg Red Prf US Index 8p Moorepay 1.2p Municipality Fin 91/4% Gtd Nts '96 ECU91.25 Nichols (JN Vimto) 2.33p

Oesterr Kontrol AG 71/2% Dual Curr Y/\$ Gtd Nts '96 Y71250 Platinum Intl Fin A Secd FRN's '03 Y1004791 Sanwa Australia Fln Gtd Fltg/ Fxd Rate Nts \$3500.97 Sedgwick3p Selective Assets Tst 1.6p Sudwestdeutschs Land Cap

Mkts 61/4% Gtd Bds '03 DM62.5 Texas Insts \$0.17 United Carriers 1.6p Universal Ceramics Materials 1.5p

UK COMPANIES

III TODAY
COMPANY MEETINGS:
GT Japun Inc. Treat, Alban Gate, 125 London
Wall, E.C., 12:30.
Gartmore Scotland Inv. Treat, Charles Ordery
House, 125 Weet Regent Street, Glasgow, 11:30.
Nurrey Income Trust, Glasgow Royal Concert
Hall, 2 Sauchechal Street, Glasgow, 12:30.
Nal Smaller Australian Co's Trust, 3 Firstury
Averse, E.C., 11:00.

BOARD MEETINGS Finels: Edinburgh Dragon Trust Heming Inc. & Cap., Kleimeort Second MY Holdings

Yokohama Fin Cayman Gtd Sub Fitg/Fxd Rate Nts '03 \$3062.5

YTB Fin Gtd Sub FRN's \$1648.59 TOMORROW Black (A&C) 4.25p Brasway 0.35p Clerk (Neil) 4p Finelist 3.7p

Govett High Inc Tst 1.12p

MTL Insts 2p NatWest Bank Und VRN's \$1721.81 Okobank Os Kes Ov Sub VRN's 2000 \$165.79 Platinum Inti Fin A Secol FRN's '03 Y1604383 Do Tranche B Secd FRN's '03 Y1086562 RPS 1.55p

Yokohama Fin Cayman Gtd Sub Fitg/Fxd Rate Nts \$3575 ■ WEDNESDAYOCTOBER 25

All Nippon Air 9%% Nts 2000 \$975 Bankers Tst New York \$1 Birkby 5.4p Britannia Bldg Soc Sub FRN's '05 £18904.11 **CPC Intl \$0.38** Christiania Bank Sub FRN's 97 \$333.59 Conv 91/2% 2004 £4.75 De Beers Cons / De Beers Cent Linked Uts \$0.11

Kingspan R1,4p Leumi Intl Invs NV Gtd FRN's '98 \$166.8 City of Manchester 111/2% Red

Gaskell 1.5p General Electric \$0.41

Molex \$0.015 Do Class A \$0.015 Murray Inc Tst 4.74p NatWest Bank Gtd Cap FRN's '05 324.06 Orix Ireland Fin 7% Gtd Nts 95 Y700000

'07 £5.75

THE WEEK AHEAD

PT\$ 1.2p Severfield-Reeve 1p Spiritab FRN's '98 \$15.17 Woolwich Bldg Soc FRN's '96 Ecu160.36 World of Leather 0.75p

**■ THURSDAY OCTOBER 26** Australia 11%% Ln '15 £284.375 Bristol & West Bldg Soc FRN's 96 £179.59 Christies Intl 0.65p Church & Co 3p Co-operative Bank Sub FRN's 2000 £88.22

Cussins Property 1.45p Dowding & Mills 1.75p Exco 3p Independent News IR3.5p lian Inti Bank Global DM FRN's DM59.1 Do Global US FRN's \$15.33 Do Global Yen FRN's Y2400 Jacobs 0.3125p Korea Inti Merchant Bank FRN's '99 \$343.76 Lambert Howarth 2.250 Lloyds Bank Sers A Sub VRN's Lloyds Smaller Co's Inv Tst

Do Pkg Uts 1.8p Midland Independent News

Primadone, Nightsbridge House, 197 Nightsbridge, S.W., 1200.

BOARD MEETINGS:

Nurdin & Peacock 2.27p

Schroders 4.5p Do NV 4.5p Waterford Foods A IR1.3p

FRIDAY OCTOBER 27 American Tst 1.9p Applied Distribution 1.5p Aspen Comms 2.5p BZW Cnv Inv Tst 3.3p Bank Nova Scotia C\$0.31 Barr & Wallace Arnold Tst 3p Breedon 1.75p Brightstone Props 1.25p Brit Mohair 1.4p

CÁLA 2.1p Can Imperial Bank Commerce C\$0.37 Candover Invs 4.5p Cattles 2.45p Corporate Services 1p Davis Service 3.08p Devro Intl 2.8p Exchequer 15% 1997 27.5 Financial Recs for Seco Trans 1 Mzzn Asset Bkd FRN's '09 £2300 Do Snr Asset Bkd FRN's '09 £725.63 Do No 2 Mzzn Asset Bkd FRN's 2005 £2300 £1730.84

£1827,40 Fleming O'seas Inv Tst 3.1p Flying Flowers 1.35p Games Workshop 3.7p Hall Eng 3.775p

Haposim Intl FRN's '95 \$331.77

Uster & Co., Manningham Mills, Heaton Pourl.

BOARD MEETINGS:

Anjecte Imes. Anjecte Imes. Morgan Graniell Equity Oversoms Ime. Trust

Newman Tonks 2.9p. Norbain 5p Pegasus 2p Primadona 3p Ransomes 81/4% Criv Prf.

Holt (Joseph) 13p

Jos Hldgs 4.675p

Irish Continental IR1.50

Irish Permanent IR3.5p

Life Sciences Intl 1.6p

London Forfaiting 3.4p

Matthews (Bernard) 1.39p

Morgan Stanley Equity Pld Eq.

Navan Res 5% One Red Ln

Treas 4%% IL '98 £2.5052

Wyvale Garden Centres 3.22p.

M SATURDAY OCTOBER 28

Cheltenham & Gloucester

11%% Perp Sub Bds £2937.5

Comwell Parker 0.3p

Welsh Indi Inv Tst 4p

Wyko 0.75p

Do A NV 0.3p

HSBC 9.25p

Lister 0.1p

Metairex 1p

Nts '95 IR22.5

Nestor BNA 1.15p

Molins 5.9p

Red 8.61p

Rotork 2.1p . : Second Alliance Tst 32p. Do 41/2% (3.15% net) Prf. £1.575 Tops Estates 1.68p Turkey 9% Bds '03 290

Do Snr Asset Bkd FRN's '05 Do No 3 Mzzn Asset Bkd FRN's '16 £2110.96 Do Snr Asset Bkd FRN's '16

Hammerson 7%% Bds '03

E SUNDAY OCTOBER 29 Nottingham 1.84p

EC. 12:00.

after the board meeting to soon

1: -

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## **CONFERENCES & EXHIBITIONS**

BOARD MEETINGS

inges Ustrust High Ioo. Trust

#### OCTOBER 25-27

IPD National Conference People Making the Difference People Making the Difference for the management and development of people. This years theme: People Making the Difference, recognises that the people we coupley, their skills and communication, are the prime source of our competitiveness. Key themes Include: Strategie Directions. The Changing Shape of Work, Managing and Developing People and Reward Management. Contact: Institute of Personnel and Development Tel: 0181 263 3434 Fax: (0181) 263 3366

## NOVEMBER 1

Offshore Tax Planning Opportunities using offshore acc oropanies and temporary emigration exist for the nitigation. International tax consultants Robson Taylor in conjunction with Hamilton Brod Guernsey unravel the myths surroundin subject. The event will bring agenther professional experts to help you maximise the opportunities of offshore structures.

Coutact: Nicky Cotter, Robson Taylor Tel: 01225 428114

NOVEMBER 2 Central America - A New Look
A one day event on the trade and investment
opportunities in Central America, sponsored by
British American Tobacco Company, Speakers
will include the Gusternalan Ambassador to the UK, the DTI Export Promotor for the area, the ctor of the Comm Development Corporation, the British Ambassador to Nicaragua and case studies by Sritish American Tobacco Company and

Contact: Leeann Hawkins, CBI Conferences Tel: 0171 379 7400 Fax: 0171 497 3646 LONDON

Country Risk Service Seminar Risk in Emerging Markets
This one-day seminar. Investing This one-day seminary Emerging Markets: assessing the risks\*, will focus on the duvelupment of an early focus on the duvelupment of an early warning system and avaluate country risk Latin America, Eastern Earope and th former Seviet Union, Africa, Asia-Pacific and the Middle East.

Contact: Moyn Veitch, Economist Intelligence Unit Tel: +44 (01711830 1158 Fac: +44 (01711830 1023 LONDON

Successful Multimedia Production A practical seminar for producers, developers, designers and clients of CD-ROM, Kiosk and On-Line Distribution. For te: http://www.hammond.co.uk

mond Organisat The New House, The Green Tel: 0181 943 9700 Fax: 0181 943 9997

## NOVEMBER 7-8

Practical Dealing course - Money market thort term derivatives (FRAs and Puttres) risk identification and evaluation, product pricing, position management including WINDEAL IPC based dealing simulation and practical exercises. For Corporate bank dealers. £520 + V.A.T.

Fax: UK 44 (0) 1959 565821

## NOVEMBER 7-8

Business Performance Measurement: Transforming 4 managing the drivers of future profitability

The conference explores the relevance and acticulity of developing new "corporate shboards" which include non-financial indicators, such as customer satisfaction quality and benchmarking. Tel: 0181 543 6565 Fax: 0181 544 9020

LONDON

NOVEMBER 7, 8 & 9 The Dealing Room Audit

Mattern of the Treasury Dealing Operation;

Markets, Products & Customers; ◆ Risk in a
Dealing Operation; ◆ Dealing "Nasties" and
lessons to be learnt; ◆ Rules, Regulations; ◆ Systems: ● Management Controls; ● The Balance Sheet: ● Credit Limits: ● Role of the Internal Anditor; # Auditing the Trading Function, £595 +VAT 3 days. Contact TEL /Nicola Black may Tel: 0171 606 0084/600-2123 Fax: 0171 600 3751 HARROGATE

The Automotive Technology Event, organised by Engineers for Engineers. This international and Exhibition, and will present the latest in automobite technology. Tel: 0121 767 2683

BIRMINGHAM

#### **NOVEMBER 7-9** TCS&D95-The Temperature

Controlled Storage & Distribution Exhibition and Conference tickets cootset: Nicky Molloy, FMJ Tel: 01737 768611 Fax: 01737 761685 G-MEX, MANCHESTER

## NOVEMBER 8-10

Raising Equity Finance Considers the role of equity finance within a corporate structure and the techniques used in raising equity in different circumstances.

• Equity instruments and their application: Venture capital finance; ● Flotations: Financing corporate espansion: Regulatory aspects Of equity issues.

Contact: BPP Bank Training - Hilary Jackson

Tel: 0171 628 8444 Fax: 0171 628 7818

NOVEMBER 9 & 10

with The Blg Bear\* plan to' trade in this massive market of 160,000.001 peoples, 15 working sessions with rop speakers and case histories of those suffered and succeeded in the mar Patron: Baroness Smith of Gilmurehill. Embassy, £245.00 + VAT includes Conference

Tel: 0171 439 1271 Fax: 0171 434 0813 Understanding Equity and Bond

Derivatives Training in Equity, index and Bond options, futures and swaps. Trading contracts. Pricing. margining and using derivatives in fand management. The course assumes no prior knowledge of derivatives and all jargon is concerns covered, £520 + V.A.T. Lywood David International Ltd.

Fax: UK 44 (0) 1959 565821 LONDON

#### NOVEMBER 10 Capital Instruments and Off Balance Sheet Finance

Looks at the current stales of these problematic areas and their impact on the of Off Salnnee Sheet Finance schemes; Progress on controlling Off Balance Sheet Finance: • How to account for types of disclosed in financial statements; • Impact or interpretation of financial statements. Contact: BPP Bank Training - Hilary Jackson

## How Compatible are Traditional

Skills with Innovation in the Development of Scottish Business? Development of Scottass Lauguresses Amorning reminar at which the key speakers will include Allstair Darling, MP; the Principal of Heriot-Watt University and leading representatives of Scottish business & leading representatives of Scottish bus industry, £55 including lunch. Contact: The Walpole Committee

Tel: 0171 495 3219 Fax: 0171 495 3220 The Burrell Collection, GLASGOW NOVEMBER 13-17

LONDON involved in strategic planning, management or financial engineering within commercial, merchant or investment banks, cornorate treasuries and government entings. BY PROFESSOR DIMITE organisations. BY PROFESSOR DIMITRIS CHORAFAS. • What is banking strategy? • Developing and selling furancial products. • Prafitability of banking operations; • Financial planning and cost control; • Using high technology as a competitive

Waspon. Consact: 8PP Bank Training - Hilary Jackson Tel: 0171 628 8444 Fax: 0171 628 7818 LONDON

## NOVEMBER 14-15 Practical Career Development

Solutions maintaining two-way loyalty Careers Research Forum's second and highlighting: entitical ingredients for effective sacrassion ma manuging international careers; development for the board; career management systems in delayered downsized organisations. £375 +VAT per day; £650 +VAT both days.

Contact: Lindsey woods
Tel: 01904 411699 Fax: 01904 411688

LONDON

#### NOVEMBER 14-16 PPMA Show

The UK's premier show for processing and peckaging machinery. Over 200 standholders representing 500 international machine manufacturers. Equipment to process and mack food, pharmaceuticals. cess and pack food, phru cosmeties, chemicals, heverages, confectionery etc. Daily seminar on CE Mark regulations £15, threludes lunch). For tickets phone Melinda Scales:

Wembley Exhibition Centre, LONDON

Contact; Terry Br

Credit Training Workshops
Thomson Bank Watch, Inc. global leader in bank risk analysis and specialist in emerging markets, is holding its final series of 1995 credit training workshops in London, Choose from one-day workshops on each of: Emerging Markets Sovereign Risk, Latin American Banks & Systems, Asian Banks & Systems and Eastern European & Russian

Tel: 44.171.426.0507 Fax: 44.171.247.8019 LONDON

## Computers in Relocation

This CBI conference will provide delegates with an anderstanding of how compater packages can assist them with the mans Exhibition, it will explore practical ways to manage home sales, home search, relocation allowances packages etc. ontact: Leann Hawkins. CBI Conferences Tel: 0171 379 7400 Fax: 0171 497 3646 LONDON

NOVEMBER 15/16

Creating the Sustainable Enterprise The Annual Conference of The Strategic Planning Society examines the part Leadership. Organisational Change, Values, Environmental Strategy and Geonomic Policy play in achieving sustainable corporations. Speakers include Nick Temple of IBM, Lord Griffiths of Professor John Kay of London Business School Tel: 0171 636 7737 Fax: 0171 323 1692

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Bank - Global Precious Metals.

programme, capital markets, the

NOVEMBER 20 & 21

Central Banking

## Tel: 01225 466744 Pax: 01225 442903 LONDON

Credit Evaluation & Lending Small Businesses For loan officers and new basiness esecutiven within hnuks and hullding societies. Evaluating Business Proposals and Accounts. Understanding the Entrepreneur. Debt Servicing, . Cashflow, Breakeven. Sensititivity Credit Evaluation the Lending Decision.
Saying No & Controlling Lendings, Sources
of Information, Recognising Early Warning
Signals and Formadning Action Plans.
Description 2 Days. £395. Contact: Fairo

Tel: 0171 329 0595 Fas: 0171 329 3853 LONDON NOVEMBER 21-22 Evaluating and Managing the IT Investment

Why spend on info seminar is intended for both business and IT managers wanting to justify expenditure on new information technology. It will outline the business benefits, costs and risks associated with IT investme

Contact: UNICOM Seminors Tel: 01895 256 484 Fax: 01895 813 095

## NOVEMBER 21 & 22 FT The Petrochemical Industry

Towards the Year 2000
Authoritative figures from Europe, North
America and the Asia-Pacific region will address this annual FT meeting, sharing their views on managing the box cycle; joint ventures; industry and privatisation plans. Enquiries: FT Conferen Tel: 0171 814 9770 Fax: 0171 873 3975/3969

LONDON NOVEMBER 22 Contaminated Land A one-day seminar on the new liability regime

that has emerged out of the Environment Act 1995. Designed for anyone whose business ninne land, may be nited on contaminated land or who is involved in corporate m land transaction Contact: Claire Derbyshire Tel: 01223 332722 Fax: 01223 301122

CAMBRIDGE UNIVERSITY **NOVEMBER 22** Interviewing for Lending

The time available for gaining and evaluation from customers is at a premi and many losses and disputes could be avoided by skillful interviewing. A better underst of customer needs can also enhance the feet Interview; • Key skills - Questioning, Listeniug, Sammarising, . Needs identification and analysis, negotiating; Handling Antagonism and Conflict, the Tel: 0171 329 0595 Fax: 0171 329 3853

NOVEMBER 22 & 23 FT World Electricity Against a backdrop of rapid change and considerable opp meeting - the nioth in a series arranged jointly with Power in Europe - will exact the continuing trends of deregulation and liberalisation around the world. International responding to a more competitive environment and comment on the global

power market in the mid 1990's. Enquiries: Financial Times Confere Tel: 0171 814 9770 Fax: 0171 873 3975/396 NOVEMBER 22-23

Installing and Operating Programme Management
Programme Management is increasingly used o direct, control and implement p business change. The tutorial will explain what use. The seminar will explain how to design and implement a Programme or Project

Contact: UNICOM Seminar Tel: 01895 256484 Fax: 01895 813095 LONDON

FT Financial Reporting 1995 Significant develop monts in the field of ncial reporting over the past year make annual series - a must for acco

Tel: 0171 814 9770 Pax: 0171 873 3975/390 NOVEMBER 27 & 28

This second FT Confe News and Siotechnology Business News will examine how the sector is evolving and assess the new partnerships and str alliances being furged between Biotech Companies and pharma majors. Enquiries: FT Conferences

Tel: 0171 814 9770 Fax: 0171 873 3975/3969

NOVEMBER 27-28 Equity Derivatives - From the Br to the Latest Developments Hybrids . findex Futures . Oplions "Exotic" Options and New Instruments. 2 days. £465

Contact: Faimber Tel: 0171 329 0595 Fax: 0171 329 3853 LONDON

#### **NOVEMBER 28** IT Law Update

With the advent of multimedia, the legal issues surrounding IT have become a minefield. This conference sizes to simplify and inform IT managers and users of the legal implications of using the internet and on line services, copyright in software, the PC use and abuse of E-mail. Contact: Commercial Semi

Growth through innovation and **New Yentures** 

services. Delegates will address the transformation agenda; explore innovation issues; and, learn from those who are re-Issues; and, learn from those who are re-defining the competitive environment. Case study inputs from top executives at ShareLink, Mondex, Ford, Friezell and Pipex. Contact: Journa Harding, Milleonium Group Contact: Joanna Harding, Milleonium Gro Tel: 01962 866843 Pax: 01962 842388 LONDON

**NOVEMBER 29** IT Innovation in financial

services marketing ion in the direct marketing of financial services has focused attention on the value of technology in developing and ing a market share. Throu s this conference addre issues which companies must consider in selecting and using technology for marketing.
Contact: ELAN CONFERENCES Tel: 01225 330312 Fax: 01225 330305

NOVEMBER 30 EVA - An Integrated management framework for creating and enhancing shareholder value Ao Intensive esecutive seminar on the

principles and application of Economic Value Added, led by two furamost authorities on starcholder value, Joel Stem & G Bennet, of Stern Stewart and Co. Tel: 0181 543 6565 Fax: 0181 544 9020

**NOVEMBER 30** Managing Your Environmental Liabilities

Robust suforcement of legislation ncreasingly forcing companies to recon-beir environmental liabilities and que how environmental and financial sus can be reconciled. Do you know the majo environmental issues affecting your comp This seminar examines the risks and disc effective implementation. Contact: Commercial Seminars Tel: 01572 821290 Fax: 01572 821873

DECEMBER 1
Financial Computing & Application
Development in MATLAB Free One-Day Seminar at Daiwa, London to Free Une-Day Settinus in Applications to the highlight recent developments relating to the MATLAB Integrated Computing Environment MALIAD magnato computing crivaturas for Finance, and practical applications in the industry such as Yield Curve Estiamtion, Portfolio Optimization, and Equity Derivatives Pricing and Analysis.
Contact: Cambridge C Tel: 01273 722838

DECEMBER 4-6 LONDON Controlling Lendings The skills and tech

managing lending risks. If you can identify problems early then action can be taken to avoid or reduce losses. Attalysing Management Figures and Projections.
Comparisons to Budgets and Covenants Review of Risks, Management Competence, Debt Servicing · Sonaitivity Analysia. Benchmarking, Key Ratios. Using Graphs and Charts - The Danger Signs. Defaults. What to do and when 3 days. £525

Tel: 0171 329 0595 Fax: 0171 329 3853

DECEMBER 4-8

Object Developments '95 A multi-event conference presenting the latest developments on all fields of Object Oriented Technology, co-sponsored by the BCS and its OOPS group. The intended surficence includes IT decision-makers, software developers and database engineers. OO subjects cove Databases, Reuse, Tools and Technologi Data Management, Client/Service, Testing, Contact: UNICOM Sequipme

Pay, Reward and Periormance Management: New compensation and motivation strategies for the

Setter organisation Delayering, downsizing and re-engineering have led to flatter, team-based organisations. Poy and appealed systems most change to reflect this new-reality, it presents practical strategies for designing and implementing these systems to meet cuttent business

Contact: Business Intelligence Tel: 0181 543 6565 Fax: 0181 544 9020 LONDON

Understanding the World of Banking For secretaries, IT and other support staff. The Banking System - History, Practices Lending, Treasury, Money Trans Investment, FK, Corporate Finance \* Banks as Businesses \* Prequently used Banking and Financial Terms. 2 Days £395.

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DECEMBER 11 & 12 The Outlook for Natural Gas Cas is widely viewed as the fuel of the decade with production and use growing strongly worldwide. With the advantages of below seen worldwide. With the advantages of being seen as so environmentally friendly fuel and reserves that are set to outstrip oil, will the gas business fulfil its widely held promise or are

expectations being set too high? Enquiries: FT Conferences. Tel: 0171 814 9770 Fax: 0171 873 3975/3969

INTERNATIONAL NOVEMBER 6 The 1996 Coal Market Sheraton Sydney Airport
This one day seminar run by McCloskey
Coal Information Services will axamino how the coking and steam coal markets over the next 18 months. Speakers will include union leader John Mairland, Walter Schrage

act David Morris on 44 (0) 1730 265095 SYDNEY, AUSTRALIA NOVEMBER 13-14 EPPA European Paging Conference on Advanced

Messaging
The European Public Paging Association (EPPA) invites esecutives from paging operato, manufacturess and service providers to its aumo continues. Speakers will cover n wide range Advanced Messaging topics. Contact: Monitos Roner Tel:+45 3337 7123 Fax: +45 3337 7148

NOVEMBER 13-15

Into The Russian Federation & The East - West One To One Business Meetings vestment Prospects in Russia, Russian ritics, State & Private Inves speakers from UNIDO, Morgan Grenfell, Chase Manhattan Bank, Bank of New York, Doutsche Bank Research Spons

Contact: Dips Patel, Business

102: +444(0) 171 573-5077 Rosc +444(0) 171 406-4957 GENEVA, SWITZERLAND NOVEMBER 13 - 15 Options for Electric Power

Options for Esecutive Forms International Symposium on power generation options for developing countries, sponsored by GTDC, and co-sponsored by UNIDO, and ANERI, Speakers from the World Bank, UN, ABB, Siemens and others will present papers on current technology, environmental impact, Cuntact: GTDC Global Technology Tel: +43 | 512 85 88, Fax: +43 | 512 85 89

**NOVEMBER 14-16** 1995 Giobal Convention on Retail Financial Services is the financial services event you cannot

marketing; direct & interactive banking; " ! nsurance & pensions. Speakers from ding restitutions including Merrill Lyoch. Direkt Anlage Bank, Bane One, Chemical Bank, Dresdiner Bank. Contact: Sandra Martin, Lafferty Conferences

afford to miss. The programme includes; retail banking, branch network management; ...

IT; affluent banking, mutual funds; bank

Teb (+353-1) 6718022 Fax: f+353-11 6713594 **NOVEMBER 15** 

European Venture Capital Forum 20 high-growth European SMEs will For further details, please contact: Juan Amonio Serrano, CDTL Spaint Tel: 34-1-581.55.18 Fex: 34-1-581.55.94

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#### Tel: 31-30-650963 Pax: 31-30-650928 ROME, ITALY NOVEMBER 27-28 Financial Services Conference for

Iberia - "European Practice and ... Present Day Thinking" participation of all leading Spanish financial Institutions. Private & Retail Banks in Spain, Competition & Strategies for the Future, Business Process Redesign, annel Distribution, Planning Mergers & Acr Contact. Catherine Cushnan, Lafferty

Pax: (353-1) 6713594/8240 Dublin NOVEMBER 28-29

Tel: (353-1) 6718022

The Teleshopping Explosion: Teleshopping Programming in Asia NIMA International, in conjunction with MIP Asia, presents its second annual Asian dynnmically avolving industry of Contact: Vivien Wallace, Lippin Wallace Tel: 0171-630 9977 Fax: 0171-630 9806

FEBRUARY 5-7

1.5 day sessions focusing on bank cards and. ement cards. Reynote pro made by: ManterCard, Viss, Capital One, Microsoft, Banc One, Ciribank, Cafe Project, SIBS, Mondex \_ plus many more. Contact: Diame Cramage, Lafferty Tel: (+353-116718022 Par: (+353-1)6713594

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MOSCOW 3

1-7

# هكذامن التحهل

# Travellers on the infobahn start to speak in tongues

Victoria Griffith on how languages other than English are now on the menu

n its early years, the Internet effectively posted a "keep out" sign to all non-English speakers. Cybertravellers were forced to use English language coffware to account Cybertravellers were forced to use English language software to access the information superhighway, and then viewed content that was rarely

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written in anything but English. But the door is now ajar for non-English users on the infohahn. Internet growth outside the US now outpaces expansion within it, and foreign language sites proliferate on the World Wide Web. IBM now markets products on the Internet in Spanish, German, Portuguese, Japanese and Italian. Other vendors are likely to follow suit.

Software is becoming more multilingual as well. Microsoft's muchtouted Windows 95 product is available in 12 languages other than English, and the company says it soon hopes to offer the program in 30 tongues. SpyGlass, a company providing browsing services for the Net, has recently launched a product to allow the user to state a anguage preference. Whenever the favoured language is available in cyberspace, it will come up on the

"In the beginning, it was mostly academics and the US military using the Internet, so the users all spoke fluent English," says Albert Vezza, assistant director at the Massachusetts Institute of Technology's

Non-English users are beginning to seek each other out, and are setting up common language 'commu-nities' in the same way that the Internet provides outlats for users interested in microbreweries or in stamp collecting.

"We're starting to see French speakers all over the globe get in touch with each other on the Internet," says Anthony Rutkowski, executive director of the Internet Society in the US. "For an expatriate living in New York, that can be a great way to socialise with people who speak your native language."
The use of languages other than

English on the Internet will gain momentum, many predict, with the increasing commercialisation of cyberspace. Growing numbers of vendors hawk thair wares on the infobahn. Advertisers have long recognised that the most effective sales pitches are in the customer's language. "You wouldn't think of running a McDonald's television commercial in Italy in English, and it will be the same over the Internet," says Norman Lehoullier, co-director of the Grey Interactive arm of Grey Advertising.

IBM is marketing its goods over the internet to 15 countries, with

sites not only written in the local language but also tailored to products available in the target markets. The MIT Media Laboratory is working on a product for the airline industry that would allow customers to order tickets in their lan-

"We'll probably start seeing a lot of retail stores on the Internet where you can hit 'one' for the Spanish description of products," says MCI's senior vice president of data services, Lanz Boxer. "It's not that difficult to set up and there's a huge Spanish-speaking community, even in the US."

guage of choice.

Multi-lingual advances in software will make a difference. Non-English speakers are more likely to access the Internet when the interface - including menus and help sessions - is in their native tongue.

"For the Internet revolution to go further, we need to offer software in other languages," says Andreas Berglund, international marketing manager for Microsoft, the US software group.

Microsoft's development of new character codes will help non-Western languages gain a footbold in cyberspace as well.

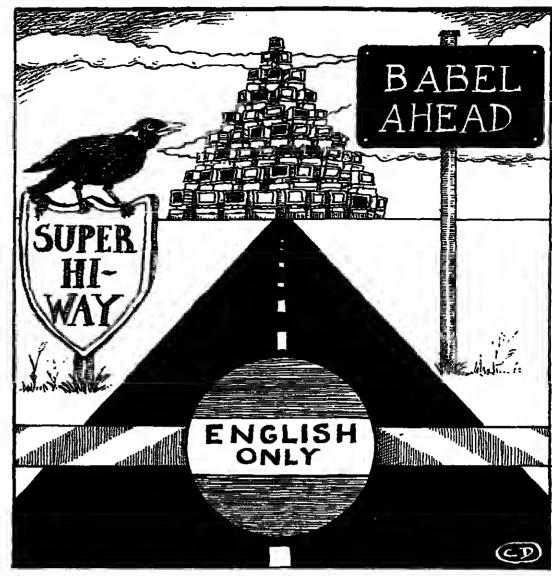
Ascii, the 1970s code that dominated the computer world for so long, did not even allow for European accents on different letters. Unicode, the latest in a series of

Microsoft character codes, enables the computer to display the characters of any world language, including Russian, Korean and Japanese.

Some mourn the decline of English as the unofficial language of cyberspace. "With other languages coming on, the Net will lose its coherence," says Vezza of MIT.
"You won't be able to access all the information or communicate with all the other users any more."

The ultimate solution would be for simultaneous computer translations, allowing Swedish, Japanese and English users, for instance, to hold a real-time conversation. Yet that day may still be some way off. "That might be the ideal, but the technology to do that just isn't even on the radar screen yet," said Boxer of MCL Those seeking a common denominator will probably continue to turn to English.

"English has built np a critical mass, and It's unlikely that it will lose its position as the universal language of cyherspace any time soon," said Richard Villers, a multimedia analyst with International Data Corporation. "Computer and multimedia advances are still coming from here, and that causes a bias in the market to English. But it's not going to be 100 per cent in English, like it used to be. We're starting to see other languages gaining a foothold too.





With the UK Budget

looming, British think-tank the Institute for Fiscal Studies (www1.ifs.org.uk) offers you the chance to be your own chancellor, using a model to demonstrate how a range of tax decisions alters various circumstances. On Budget evening (Nov 28), users will be able to enter their own details for a run-down on

how they have been

wide range of relevant

affected. A good site, with a

 Travel group Thomas Cook's new site (www. thomascook.com) is full of serious quotes and pretty, complex images, but is a bit frustrating if you just want information. As a test, 1 tried to get a list of Cook's offices in New York City. took me ten minutes of sitting through several meaningless graphics, but I got there in the end and the

 The Web 100 (http:// fox.nstn.ca/ot\_info) is a listing of the largest Fortune 500 companies on the Web. Simply laid out, with good, solid, interesting content. Currently features a special section on 'Japan Inc. in Cyberspace'.

details were comprehensive.

 Two worthwhile publications went online this week: Le Monde Diplomatique (unvu.ina.fr/ CPI MondeDiplo) is a French-language source of news and commentary, also available in Italian and German; whila the excellent Atlantic Monthly this month marks its 138th anniversary by going on the Web at www.theatlantic.com

exports between the US and a range of countries are available from the US Export-Import Bank (www.tradecompass.com/ us\_exim), together with board minutes and press releases. Ex-Im Bank information is also accessible through the alightly more user-friendly site of the US Department of Commerce'a National Trade Databank (www.stat-usa.gov).

Guidelines for financing

 Michael Campbell's Money Talks (http:// Mastermall.com/money/ taiks) is an unpredictable guide to husiness and financial comment. While the artsy 'deep space' background can be a mite irritating, it's worth a browse for a mix of serious and off-beat items, like The Ultimate Lists or the Goofy

Stephen McGookin can be steve@mcgook.demon.co.uk





sorts of cyberspace. There was the Internet, built by the US government

hut owned hy nobody, and then there were the pri-Jackson vate services -CompuServe. America Online and Prodigy. These were better ordered, more secure and easier to use. But they charged,

while the Internet was free. During 1994, things began to change. The World Wide Web with its point-and-click navigation and ability to handle pictures and sounds made the Internet easy for anyone to use. Access providers sprang up in America, Asla and Europe. People could dial from

## Spry eye leads counter attack vices were growing every year. Internet access. But Pool is no lon-

established itself as the main channel for electronic commerce and advertising.

The online services had become smarter. They offered services from stock quotes to airline reservations and from news wires to bestseller lists as well as e-mail. Yet their clients still felt in the countryside, yearning for the city whose lights they could see twinkling.

To find out how an online service responds to such a sudden competitive threat, I went to see Dave Pool, 32, the former chief executive officer of a software company called Spry. Spry made its name with a product called internet in a Box, one of the home, And the Web, spreading fas-ter every month than the online ser-first packages to give people simple

ger Spry's chief. In March, he sold the company to CompuServe for \$102m (£65.8m) in cash and stock. He became an executive vice-president of the parent company, with the joh of dragging CompuServe into the competitive world of the Internet.

His establishment of a new Internet division in Seattle, Washington has galvanised old-timers at the company's Obio headquarters. The company now offers its 3.6m worldwide customers full internet access, starting from a modest \$5 a month for two hours' use. So far, 750,000 customers have signed up for the service, which allows CompuServe to claim to be the world's biggest

Internet provider. There is still some way to go. While many internet providers who lease telecoms capacity from phone companies can offer access at 28,800 bits per second, many CompuServe customers bave to content themselves with receiving data at one-third of the speed. While CompuServe rushes to catch up, Pool makes a virtue of

necessity, claiming that people pre-fer reliability to speed. In the US, CompuServe is resisting a challenge from America Online. Globally, however, it faces two bigger problems. One is the backlash against electronic pornog-raphy in the US. CompuServe offers a bowdlerised Internet product for children - a "walled garden", but it

declare that they are over 18 before reading the more lurid material. The other worry is Microsoft. The

Microsoft Network, accessed through the new Win95 operating system and touted as a global threat to CompuServe, has proven a damp squib. The service is patchy and the content thin. Pool jokes that it costs \$500 to sign up to: \$100 for Win95 and \$200 apiece for the extra memory and new hard disk drive that PC

owners often need to upgrade. But there are already 7m coples of Win95 out there. If only one in ten Win95 users sign up for MSN during tbe next two years, CompuServe will be overtaken.

CompuServe spends heavily on

marketing. But if MSN has privileged access to Win95 users, Compu-Serve will be at a disadvantage. Hence its complaints to the US Department of Justice and the European Commission and its attempts to prevent Microsoft from offering access only to its own online service from Windows 95.

Pool and colleagues are taking no chances. CompuServe has introduced Interesting new products and services. One allows the user to ask a plain-English question, lesving the software to trawl the Net for

The package's name, the Internet Wizard, sounds familiar, 'Wizards' pieces of software that simplify a program - are already available in such popular applications as Word and Excel. Someone's stealing ideas from Microsoft? Now that's news. Tim Jackson con be renched at Tim.Jackson@pobox.com

## Big business slow to grasp potential of Net

By Michael Cassell

Any switched-on business claims to know about the internet but few seem to realise that their products and services are, increasingly, the subject of global gossip among subscribers.

A trawl of Usenet - one of the earliest Internet services offering an international "noticeboard" for special interest groups - shows that while consumers are bursting with questions on everything from water softeners to washing machines, tha companies making and selling them are failing to come up with the answers

James Tarin, interactive communications director at advertising agency Chilcott Le Fevre, says the evidence suggests that, despite all the froth, most companies have not yet started to get to grlps with Internet. His company has just monitored some of the 13,000 established newsgroups on Tisenet to see whether companies are responding to inquiries about their products and, in the process, possibly picking

up potential busine The results show that while other online consumers are quick to discuss products and product performance, manufacturers and service providers -

many of them having Invested heavily In establishing a presence on the World Wide Web are invariably silent.

According to Tarin, among the companies which failed to respond to inquiries sbont their products were Wickes, the DIY retailer and Zanussi, houaehold appliancs

Volkswagen, to which a whole discussion group is dedicated on Usenet, also failed to participate in an enthusiastic exchange of views on the price, reliability and quality of their vehicles. Neither did any competitors intervene to put their own point of view. Some companies do get a pat

on the back for spotting the commercial opportunities arising from hecoming involved. Microsoft and Silicon Graphics, both of the US, have news groups devoted to discussions about their products and services and they regularly participate. BT, too, wins plaudits for joining in on the uk.telecom news group, though more often than not through its engineers than through the company

But the survey indicates that large companies have been slow to realise the potential competitive advantage to be

Chilcot Le Fevre warns companies against ignoring the traditionally non-commercial nature of the net in favour of blatant product "plugs", which it says will be more likely to alienate than impress.

But it says corporate involvement can establish a company as a source of expert know ledge and also generate greater public awareness of both it and its products. The advertising agency admits some companie may see involvement in Usenet as a waste of resources but believes that, properly organised, there are benefits; it suggests individuals could he allocated to do a daily check news filtering services makes trawling through every likelylooking news group unneces-sary and then follow up any issues relevant to them.

It warna, bowever, that selected staff should be wellversed in "netiquette", which sets down tha guidelines for acceptable behaviour on the Internet: "A piecemeal of patchy involvement might well be worse for a company than no participation at all. Raising the expectations of the Usenet community only to disappoint them later does not create a good impression for the com-

## Ciba report goes CD-Rom

By Paul Taylor

Company annual reports tend to be arcane documents of lit-tle interest to those outsids the investment and accountancy communities. However, a growing number of multina-tional companies are trying to change this using multimedia technology and CD-Roms as the delivery mechanism.

Predictably, computer and technology groups such as International Business Machines of the US and Siemens of Germany have led the way. But as the installed base of CD-Rom drives grows, other companies are turning to multimedia specialists to exploit. the opportunities of the medium for both internal and

external communications. Among them is Ciba, the Swiss chemical and biological multinational which employs 90,000 people in 40 countries around the world. Because of the size and diversity of the group, educating internal and external audiences about the company presents a hig chal-

Walter von Wartburg, Ciba's head of communications, identified multimedia as the medium which best suited the group'a innovative and flexible style and met its objective of providing an insight into the

group'a business operations. Ciba turned to Fox presentations, a small multimedia specialist based In west London, to develop a CD-Rom program

A team of eight people at Fox, including several graduates of the Royal College of Art in multimedia, spent thrse months creating the CD-

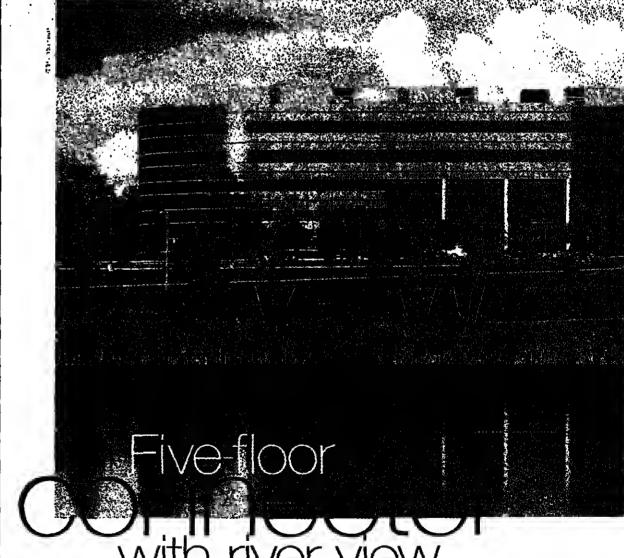
Adobe's Photoshop and Premier software were used to prepare the material and the CD,titled This is Ciba, was programmed using Macromedia Director, a cross-platform multimedia authoring tool.

The result is an easy to use and informative CD-Rom which includes financial, strategic and operational information as well as covering issues such as safety and the environment and research and devel-

One advantage of the multimedia program is that a number of audiences could be satisapplication," says Karen Simmonds of Fox. The initial target audience

for the CD-Rom was internal. The program, which is available in English and German versions and is being translated into Japanese, has been distributed to communications staff, senior managers and buman resources staff. Externally it is available to journalists. financial analysts and share-

Other potential audiences include education establisbments and libraries.



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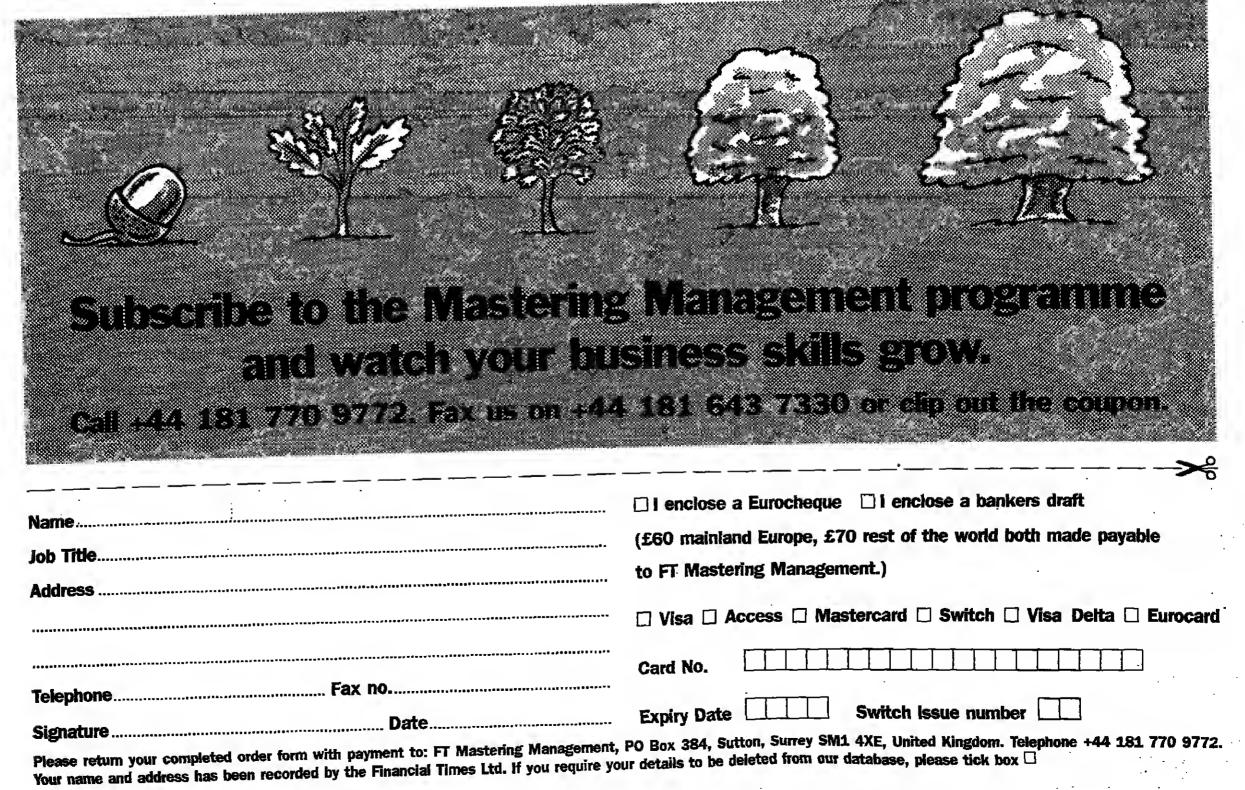
October 27 published in the UK edition of the Financial Times, which international readers can also subscribe to.

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# هكذامن الأحمل

## ARCHITECTURE

# Take your seat for the final of the great stadium battle

a hot topic just now. From being ugly brick and asbestos sheds wrapped around the fields of dreams, they have suddenly become urban virility symbols. Every city wants a new stadium, the bigger the better.

23 1995

The fury in Cardiff last week when the Millenium Commission refused the Welsh £50m (\$77.5m) to replace Cardiff Arms Park was extraordinary. It will seem small beer next Tuesday when four British cities discover that they have not been awarded the new national stadium. The fifth, and winning, candidate will be given up to £150m of public money (most of it from the National Lottery) to construct a state-of-the-art facility designed to house future events from the FA Cup Final to boped for Olympic Games and athletics world champion

Its importance should not be underestimated. Within a decade, soccer fans with a chance of winning the FA Cup could be chanting "We're on our way to Bradford Odsal" rather than Wembley. (Actually the current venue is also a candidate, the proposal being to demolish everything except the twin towers and start

The committee that has been pondering this question for the past six months is led by the Sports Council chief Rodney Walker, but the issues to hand are far from being simply

Factors ranging from regional economic regeneration to the result of the next general election are in play here. Take the prime minister. A self-avowed sports fan, John Major has often gone out of his way to assist Sir Bob Scott and his various Manchester Olym-

In 1993 be diverted his official aircraft to Monaco in order to address the International Olympic Committee on behalf of Manchester's attempt to host the games in the year 2000. It went for naught, and now Scott has his sights set on



WHEATLEY

hosting the 2002 Commonwealth Games.

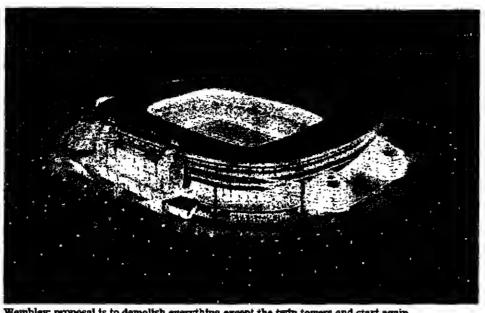
The city centre site - already cleared at a cost to Whitehall of £30m - for the Olympic stadium stands empty. It would be a centrepiece for the Commonwealth Games, but proba-bly half-full at best and a white elephant thereafter, like the shiny new velodrome next door. Nevertheless, Scott is one of the best lobbyists around with easy access to Downing Street.

Birmingham has a plum site adjoining the National Exhibition Centre, with its excellent motorway, rail and air links. If the choice were made by a disinterested Martian on geographic grounds alone the Midlands option would walk it. Yet the notoriously suspicious citizens fear a stitch-up between the flash northerners and the metropolitan smoothies. Their nightmare scenario is the twintrack option (not ruled out by the Sports Council) of a sweep-ing refurbishment for Wembley and a new stadium in the

north of England. Bryan Bird, deputy leader of Birmingham City Council has taken to warning the government that in the next election the marginal seats will be in the West Midlands".

Sheffield was in the news last week with its plans for a national Institute of Sport based around the excellent facilities constructed four years ago for the World Student Games.

1 was a vociferous critic of



Wembley: proposal is to demolish everything except the twin towers and start again

the project at the time, but there is no doubt that, in purely sports terms, ltams such as the Don Valley sta-dium and the Ponds Forge swimming complex have been a success, Local taxpayers would have to answer tha question as to whether it is appropriate for a city to build national scale facilities out of locally raised funds. The WSG debt will be with Sheffield for

ertainly it is hard to see the present government acquiescing in such a prize as the national stadium for a city so keen to thimb its nose at Torv values, its plan calls for doubling the 25,000-capacity of the Don Valley facility, with the possibility of an "extra tier". The council has agreed to meet any "net expenditure". I think we have been here before, so I will stick my neck out and say that the mantle will not fall on

Bradford deserves a prize (but not the one on offer) for sheer chutzpah. It wants to build only the fourth Skydome in the world (the others are in Toronto and Fukuoka, with a

third being constructed by the Ajax football club in Amsterdam) at a cost of £200m in a natural amphitheatre known as Odsal Top.
With retractable roof, the

turf for the pitch moved in and out on robotised pallets, the adjoining abopping malls and hotels, it is a grandiose project with bells on. Having studied them in action, I can assure Bradford that the movers and shakers of the IOC and the IAAF will always chose Sydney and Cape Town ahead of worthy vennes with special needs. Which is another way of

describing Wembley. Two weeks ago it copped with huge amounts of justified flak for having ticket-holders still queueing outside the ground while the opening game of the Rugby League World Cup was already 20 minutes into the first half.

Earlier this year, the holding company Wembley plc seemed to be about to go under, following unwise investments into such potential gold mines as American greybound racing. Aside from the memories and its attendant role in British folklore, it is hard to see what supports the idea of an important stadium in a grim north London suburb with poor transport. The Sports Council would find it hard to justify distributing hundreds of millions of pounds of public money bailing out a company with such a poor financial

In France, the new national Grand Stade is under way in the Paris suburb of St Denis. Mayor Jean Tiberie is known to be anxious at the way costs are already pitched at \$545m (£352m) and rising. With a final deadline of the 1998 soccer World Cup, that is a situation the British authorities should watch closely.

They should also take a look

at Twickenham. On November 18, the Rugby Football Union opens the West Stand, completing the refurbishment which has made it one of the world's great modern stadia, capacity 75,000. Funded from revenue on time and on budget, Twick-enham is a marvel. One cannot see why the Football Association, awash with television money, should not create its own national stadium. When the need arose it could be loaned out for international athletics or Son of Live Aid.

# Constructions of light in New York

Colin Amery at the Museum of Modern Art

bere is a tradition at Art in New York for the curator to attempt from time to time to define the architectural moment.

The Museum's latest survey is titled "Light Construction" and was organised by Terence Riley, the chief curator of

architecture and design.
The exhibition looks back to the aesthetic consequences of the monumental Crystal Palace at the Great Exhibition in London in 1851. It was described at the time as creating a space of "shadowless light". With the apread of electronic media and computer-aided design, there is an aesthetic of change and the temporary. There are some 30 projects in this show from ten countries, and they are linked by their search for refined structures that almost invisi-

bly contain light. The signals that come from tha selection are both confusing and inspiring. What is clear is that architecture of this particular moment is entirely international in an almost ethereal way. The computer's electronic signals are ordered but invisible. The patterns on the Internet are somehow just not up to the inventiveness of the technology that puts them there.
One exhibit, the Tower of

the Winds by Toyo Ito, is a brilliant example of the capabilities of electronics and the computer to produce a spark-ling urban light show. This tall tower had a life of ten years in Yokohama, Japan, and was recently dismantled. Perhaps that is appropriate. It displayed a burst of neon and synchronised lights like a giant firework - a short life but a visually spectacular

The work of the French architect, the well named Jean Nouvel, has star quality. His Cartier Foundation for Contemporary Art in Paris was the one building that

especially inspired the show. On the site of a 19th Century villa in the Boulevard Raspail, in the historic centre of Paris. Nouvel has placed a delicate and ambiguous glass struc-

His three tall glass planes make it hard to sense where the building ends and the fine garden with its cedars begins. Are the trees inside or outside? This is light construction because all tha surfaces reflect each other and the world. But it is also a building that sensibly plans for the future. There are seven floors above ground and eight below, which provide parking for 123 cars - accommodating them invisibly.

Like his earlier Centre du Monde Arabe, in Paris, this work by Nouvel is superbly made, and that seems to me to be the key to the success of this highly wrought and expensive simplicity. New buildings can be as well made and beantiful as the finest aeroplane or car, but there is the proviso - do we want architects simply to design

superb machines? Less well made are the works of a firm of Swiss architects which has excited notice in the UK recently by being selected to convert the disused Bankside Power Station in London into the Tate Gal-

lery of Contemporary Art. On show at the Museum of Modern Art is the Goetz Collection from a private art gal-lery in Munich; and its famous copper-clad signal box at Basle. There is a minimalism and simplicity about the work, but somehow it does not reach that pitch of refinement that is needed to counter the emptiness of the simplicity.

The work of the two British architects in the show, Sir Norman Foster and Nicholas Grimshaw is of the highest quality. Foster shows his **Business Promotion Centre at** Dulsburg, Germany, and

Grimshaw the Channel Tunnel rail terminal at London's Waterloo station. Both these buildings are intricate, light and superbly engineered.

There are some smaller constructions in the show which may help to answer the criti-cism that it is so short on houses. Philip Johnson's Ghost House is just that, a shadowy box of galvanised steel to shelter some flower

The leisure studio by a group practice in Finland timber and glass frame build-ing can bring light construc-tion to a literal fulfillment the architects built it them-

I am not convinced that Frank Ghery's Weisman Art Museum belongs here, as it is really a sculptural building that is clad in such a way that its metal walls reflect the sunset. It is far too solid a form to fit the category of ethereal

This is a useful survey of much of the current architectural scene but the days are past when one museum in New York can steer the world's architecture in a particular direction.

What it makes clear is that new technologies and new electronic forms of communi-cations are the driving forces behind current design. The sad thing is that, of all places, the Museum of Modern Art did not explore this one crucial aspect in any detail.

Buildings and cities are going to be profoundly influenced by the beeps in the ether that may make orthodox buildings themselves redundant. This is only hinted at in this show but must clearly be the subject of Mr Riley's next serious exposi-

Light Construction runs at the Museum of Modern Art in New York until January 2

## **CONTRACTS & TENDERS**

## Invitation to tender to purchase the Mandelli Group ongoing business in

(April 3rd, 1979, n.95 Act)

## The Commissioner of Mandelli Group

- that, following the invitation, published also on this newspaper on 19th December 1994, indications of interest to purchase the Mandelli Group ongoing

businesses have been transmitted to him:

- · that the ongoing businesses have been subject to appraisal by a pool of experts composed by professors Lorenzo Caprio, Pierluigi Benigno and Paolo Gualtieri, of C.E.S.F.L., Center of Financial Studies of Catholic University of Milan, managed by Prof.
- · that the Commissioner has been authorized to start the sale procedure.

Therefore, every interested party

me

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## is invited

to present irrevocable offers to purchase one or more of following ongoing businesses:

- a. Mandelli Piacenza Business, inseparably composed by Mandelli Industriale s.p.a., Mandelli s.p.a. Plasma s.p.a., Spring s.p.a., all considered as one ongoing business, carrying on, in Piacenza, research and development activity, production and commercialization of machines and machining centers of high technological level within the field of industrial automation;
- b. Mandelli 2 s.p.a., manufacturing machinery in the field of machine tools and industrial automation, for the market, but nowadays principally for The facility is located in Montefredane (AV):
- c. Prometa s.p.a., carrying on the manufacturing of mechanical high tech parts, generally in compliance with subcontracting agreements. The facility is located in Montefredane (AV);
- d. Hitec Campania s.p.a., corrying on research and products development with reference to the relevani processes of automation and control systems and manufacturing machines. The facility is located in Montefredane (AV):
- e. F.M.S. Pama s.p.a.. carrying on production and commercialization of heavy duty boring and milling machines, for the sectors requiring high quality. The facility is located in Rovereto (TN):
- f. Innse M.U., s.r.L. carrying on production and commercialization of large machine tools unlized in the fields of energy, various mechanic and iron metallurgy. The facility is located in Brescia;
- g. Saimp Sistemi s.p.a., carrying on the production and commercialization of grinding machines for manufacturing crankshafts, camshafts and rod parts. The facility is located in Padova.

An offer for more ongoing businesses on sale will be a preferential criterion for purchaser's selection, under the discretional examination of the Commissioner. In particular the tender for the purchase of Mandelli Piacenza ongoing business (see point a. above) together with the tender for the Mandelli 2 ongoing business (see point b. above) will represent autonomous and preferential condition for the selection of the purchaser.

The terms and conditions for the presentation of tenders are exclusively those contained in a specific document entitled "Invitation to present irrevocable offers of purchase" that can be requested by the parties who have not yet answered to the invitation to express interest. The parties who have already expressed interest will direcily receive the document.

The request for the above document, to be addressed by means of registered mail to the Commissioner's premises at Mandelli in Extraordinary Administration in Piacenza, Vin Caorsana, n.35, tel. ++ 39 (523) 54.85.48,

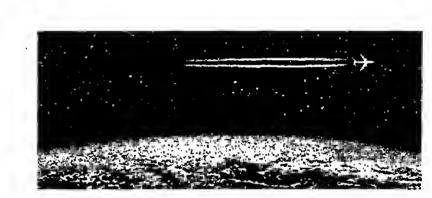
- 1. identification of the interested party, which should be n limited company or other collective body, with the list of the first 10 shareholders and a copy of the last approved balance sheet;
- 2. the Mandelli Group ongoing businesses for which the offer is made;
- 3. a short description of the item and reason of interest,
- 4. a declaration that the interest is exclusively personal. or, if on behalf of third parties, details on the pincipals and the information requested in the above point I., should be provided;
- 5. any other indication which is considered useful by the interested party in order to highlight its economie and financial possibilities in view of the acquisition;
- 6. the subscription by the legal representative of the interested party, or the copy of the power of attorney in case of application on behalf of third parties.

The tenders will have to arrive, in compliance with the terms and conditions of said Invitation, under penalty of unreceivability, by and within 6.00 P.M. of the day 27th December 1995 in a closed envelope to the Studio Notarile Marchetti, Milano, Via Agnello, n.18.

This announcement does not constitute offer to the public according to art. 1336 of the Italian civil code. neither public offeriog of securines.

This announcement and the consequent relationship for which the governing text is exclusively the Italian language, are subject to the Italian law and jurisdiction.

The Commissioner (avv. Vincenzo Nicastro)



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KOREANAIR BEYOND YOUR IMAGINATION

Glasgow fare wars

EasyJet, a new UK cut-price carrier, was aunched last week.

mmediately provoking price war on London-Scotland routes Michael Skapinker writes.

The new airline, launched by Stelios Hali leannou, a 28-year-old shipping rom London's Luton irport to Glasgow or fare of £29 one way. **British Midland and Air** 

tycoon, is offering flights

UK quickly responded by

t was once the city of gold but

South Africans these days refer to Johannesburg as crime

city. Carjackings and violent muggings have made the centre.

home to the financial district, a potentially dangerous place in

Arriving in Johannesburg airport

at night, I recalled a warning from a

government official that travellers

under "dangerous cabs", Since such

illumination was lacking, I went

back inside and asked the man in

the information hooth: "Where are the safe taxis?" He made a tele-

A few minutes later a slight,

softly spoken man appeared and I

told him I needed to go to Park-town, a northern suburh. The

charge was a flat rate of R120 - a

bit on the steep side at about £22.

But deciding it was better to be safe

than sorry. I went with him to a

minivan. I boped there would be

other passengers hut when I got in the vehicle, there was no one other

than a driver and the first man who

jumped in beside him. As the door

slammed shut, and I decided I didn't

like there being two of them and

only one of me, the softly spoken

man read my thoughts. There are

teaching him the way.

phone call and asked me to wait.

use any old taxi at the airport.

offering fares of £58

which to do husiness.

return on London-Scott routes. Unlike EasyJet, which will sell food and drink but offer passengers no free retres British Midland sald it

would offer full service.

None of the offers are exactly what they seem. et's £29 fare will be lable on all seats for two weeks, after which they will be offered on a first-come, first-served basis. Other passengers will fly for up to £59 one way, although EasyJet guarantees 100,000 seats

a year at £29. The other two airlines offers have to include a Saturday night stay-over something EasyJet does Record travels

A record number of US business travellers are taking trips, according to a survey by the Travel Industry Association of America and sponsored by OAG, publisher of airline guides, Scheherazado Daneshichu

More than 38m people made a business trip tast year, up 9 per cent from 1991. The number of trips - 220m - was also et an all-time high.

The average business trip lasted 3.6 nights, up from 3.2 nights in 1991. More companies are using corporate travel departments to make airline reservations, according to the survey, with a corresponding decline in the use of travel

Euston lounge refit



Intercity West Coast has reopened As first-class lounge at

Euston station after a £120,000 re-fit, Charles Batchelor writes.

Before refurbishment 45,000 passengers a year used the lounge, which provides free tea, coffee and newspapers. The lounge has phones, tax ines, a photocopier

British Rail has first-ch including London Kings upon Tyne and Edinburgh. French strike warning

French rail unions have caffed a one-day strike for Wednesday in protest at the "carving-up" of the SNCF state

rail company and to demand pay negotiations. A one-day strike recently brought transport and other state-owned businesses to a

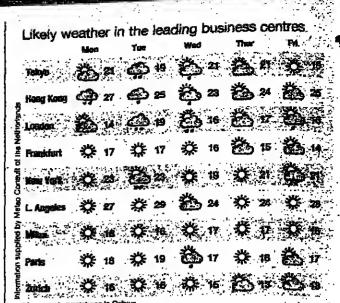
 Scandinavian Airlines System said the union representing Norwegian cabin crews has warned of three two-day strikes early next month following the breakdown of pay

Strikes will initially be limited to European routes, SAS said. Jo'burg charters

Cut-price charter flights to South Africa will start on December 4. The flights will be operated by Caledonian Airways for Bluebird Express and prices will start at £489 return for Gatwick-Johannesburg.

Still subject to South African govern approval, the flights will depart on Mondays and Thursdays with connections to Cape Town, Durban and Port Elizabeth.

The company expects to generate about £12m of tourism revenue for South Africa a year, and said 1,000 people had already registered interest in the



Port of Call/Scheherazade Daneshkhu

# Safe passage in South Africa

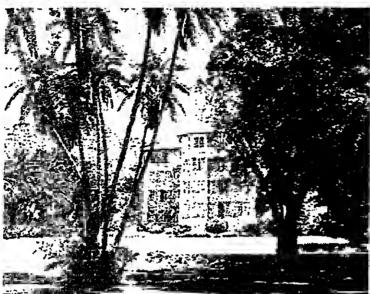
Visitors have plenty of places to stay despite some dangers and problems with infrastructure

should be particularly careful not to though they were on the verge of I went outside the terminal huildself-demolition; others were gutted. ing half-expecting to see a row of A strike by municipal workers did not help, with piles of uncollected gleaming cabs under a sign "safe ruhhish littering the streets. airport taxis", and a rival queue of unroadworthy vehicles ranged

I surveyed the centre later from the gloom of my 11th floor nonsmoking room in the concreteencased five-star Carlton hotel in the heart of downtown Johannesburg. The hotel advises its guests not to walk alone after shopping hours or at weekends and provides security escorts to those who want

Given the atmosphere of the city centre, many husinesses have relocated to the northern suburbs, such as Sandton, and this is also where new hotels are being huilt. Southern Sun, the largest hotel operator in South Africa, this year signed a joint venture with Inter-Continental. The long-established Sandton Sun and Towers now has Inter-Continental added to its name and is popular with many business travellers. The two companies also operate hotels in Durban and Cape

two of us, ma'am, because I am Inter-Continental is the first inter-This was not greatly reassuring. national five-star chain to go into In the event. I had nothing to worry South Africa, but it will soon get a about, but tension and fear of viorun for its money from Hyatt and lence pervades this unlovely city. Hilton, which are building from South Africa has been fortunate to scratch. The Park Hyatt Johannesavoid war or revolution in its politiburg, which is due to open next cal transition, yet you would scarcely believe it from the state of month, is in Rosehank, another northern suhurh which, like Sandparts of Johannesburg. Some buildton, is within easy driving distance ings are so run-down they looked as of Pretoria, while Hilton Interna-



Check out the Cape Town alternatives: the Mount Nelson (left) and the Cape Sun botels

tional will open a new hotel in Sandton in 1997.

If you are fortunate enough to have business in Cape Town, the choice of hotels is wider with the Mount Nelson, part of the Orient-Express group, heading the list. The entrance to this pink colonial hotel where breakfast is taken by the pool and an elaborate tea in the lounge overlooking the gardens, is through Doric columns guarded by a watchman wbo salutes each car as it drives in. Old fans complain that prices here have increased steeply although the hotel says last year they rose by 20 per cent. Dou-

ble rooms start at R975. Trendy hotels include the California-style Bay hotel, in pink and white with bright split-level moms. most of which overlook the Atlantic ocean: and the Victoria and Alfred In a converted warehouse at the bustling waterfront development. The four-star Vineyard in the



den and mountain views is popular

with business travellers and particularly good value with double rooms starting at R350. The Capetonian in the city centre and the Peninsula at Seapoint are also well-known business hotels.

The Southern Sun group also operates Holiday inn hotels in the main cities, while Courtyard is a relatively new hotel brand, with country-home atmnsphere

aimed at husiness travellers. One of the higgest problems wherever you travel in South Africa is getting around in the towns. Public transport is virtually non-existent but taxis are not cheap either. A car and driver can cost as much as £200 a day. If you are offered a company car and driver, take it. Otherwise, most South Africans expect visitors to hire a car, although many travel-

lers may not find it practical tn

drive themselves around in unfamil-

iar cities especially since parking can be a problem.

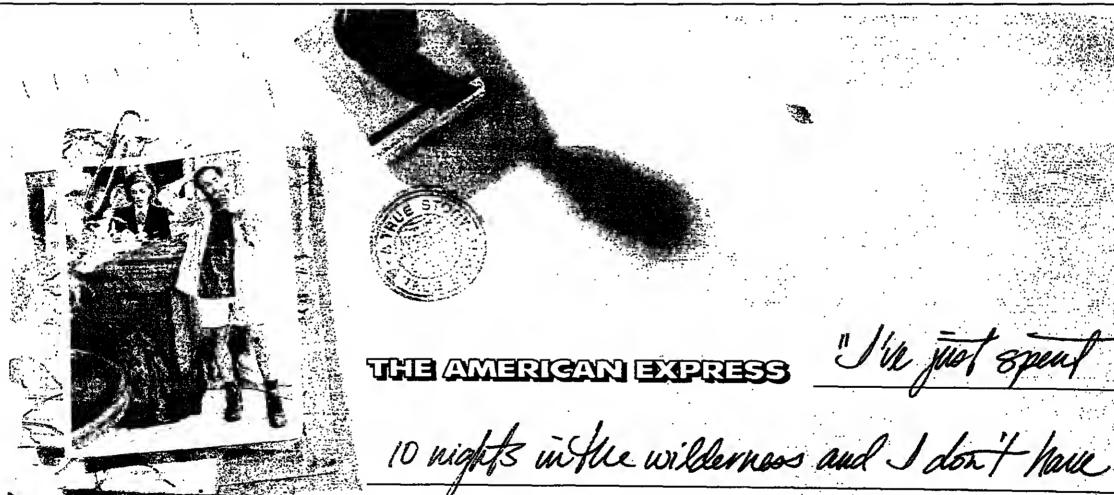
Needless to say, particular care is required in downtown Johannesburg. One driver told me that those who get carjacked are victims of their own carelessness. "They don't lock all their doors, they drive with a window ralled down and they stop at traffic lights at night."

Restaurants are still good value in South Africa and Margi Biggs. managing director of Cape Townbased Specialised Tours, says it is essential to make a booking in high season hecause of the level of demand. Visa and Mastercard are the most acceptable credit cards. she says, and there is very little credit card fraud. She advises avoiding hotels when it comes to change ing money but says rates at airports

are just as good as banks. I flew to South Africa on South African Airways, which enjoys a duopoly with British Airways on the heavily booked London-Johanneshurg route. Although I checked in almost an hour before the flight, it was so full that I was upgraded, which dispnsed me favourably towards the airline. The flight back in economy was bearable and the food good but I was lucky not to have anyone sitting beside me.

Flights from the UK are heavily booked and despite a recent upgrad-ing, Johanneshurg airport can harely cope with the strain of increased traffic. Mike Myburgh, chief executive of SAA, says the airport is too small and "totally madequate at peak periods".

The distances between the larger clties are great, so flying is the quickest way of getting around the country. Since this is South Africa. the airports all have security hooths for depositing arms, but you should not see too many guns around. A sign at Port Elizabeth airport . warns: "Firearm carriers must not handle their firearms in public."



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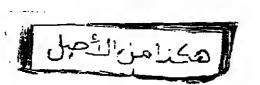
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THERE IS OMEY DATE
AMBRICAM EXPRESS.



LONDON Dance lovers can see Merce Cunningham throughout the week in performances at Riverside and later Sadler's Wells, which will also show two creations by the splendid Slobhan Davies for her own company (lett) on Wadnesday and Thursday.

"Art and Power" (night) at the Hayward Gallery aims to study the relationship between culture and politics in the 1930s and 1940s, when Europe was polarised between communism and fascism, Opening on hursday, the exhibition includes art made in the service of the stata as well as in exile and opposition. It is built around four cities; beginning with the Paris International Exhibition of 1937 and moving on to Rome, Moscow and ...

The latest biomusical to hit London is "Joison!", which opens at the Victoria Palace on Thursday. Brian Conley takes the title role; the show is by Rob Bettinson and Francis Essex.



Opera's first new production of the season is Queen of Spades", obeuina ou Thursday. It is conducted by Valery Gergiev and staged by Elgah Moshinsky. with a fine international cast including Ben Heppner, Karita Mattila, Leonie Rysanek and Dmitn

NEW YORK

The Metropoliten italian composers dominate this year's "Wien Modern", the contemporary music

VIENNA

festival founded by Claudio Abbado, In the opening concert on Wednesday, Hans Zender will conduct the Austrian Radio Symphony Orchestra in work by Scelsi, Donatoni and Stroppa. Other highlights include an Abbado concert featuring music by Nono, and a weekend of film music by Mauricio Kagel. The festival

runs till Novembe

enamels are the subject of a rare large-scale exhibition opening at the Louvre on Thursday, Among the 150 pieces are loans from French church treasuries and the Metropolitar Museum in New York, where the

PARIS

Medieval Limoges

CORK From the opera house to every comer bar, Cork is given over to the consumption of Jazz and stout next ekend. The Guinness Jazz Festival this year has an impressively international line-u which features British guitarist John McLaughlin, US pianista Cedar Walton and Joann Brackeen and French violinist Didier Lockwood

# A star is built

Nigel Andrews goes in search of the real Arnold Schwarzenegger

s there a cure for the celebrity movie biography? Each year in the approach to Christmas they come tumbling onto the reviewer's doormat. New tomes on Cruise or Streep, on Garbo, Brando or Hoffman; most of them differentiated only hy the degree of library-culled fanzine approbation or (not greatly preferable) novelty muckraking.

The Control of the Co

Then suddenly this reviewer - hy day a temptable film critic - finds himself writing one of these books himself. If asked wby I spent 18 months of my life on a hiography of Arnold Schwarzenegger, I shall say that it was partly because I thought a different approach was possible to the cine-hagiography; that there were surely more interesting mysteries to stardom than the usual love affairs, career vicissitudes, of fallings-in-andout with wives, agents, lovers, andi-ences; and that these other mysteries are about meaning and process, charisma and camouflage, trutb and myth. Which is why the book is called True Myths,

But why, asked colleagues, wasu't I writing about Jean-Luc Godard or the decline of the zoom shot in Burkina Faso? Instead the subject was a popular Austro-American star with a colourful life history, a gossipworthy marriage (to JFK's niece) and a Midas record at the box office. Films like Conon The Barbarian, The Termina-tor and True Lies had helped to make this man the highest paid screen actor in history. Which prompted other people to make dark insinuations as to why I might be writing the book. "I hope it makes pots of money!" exclaimed Michael Winner, after I had quizzed him about his own meetings superstar.

But if the biography started out as a studious, even semi-semiological account of Schwarzenegger's cinema, It soon developed different and additional identities, thanks to the subject's surreal life and persona.

For behind this man's story lies the seraphic eccentricity of the movie industry. How can It happen - where else could it happen - that a boy from an unheard-of village in southern Austria, who after voluntarily deforming his hody in his mid-teens and becoming Mr Universe at age 20, should then stride on to take over Hollywood? All this in spite of an unpronounceable name, an incomprehensible accent (at least in early years) and an acting ability that we shall politely call limited.

Does such a marvel happen spontaneously? Is it a result of career ambition? Or is it a conspiracy hetween the epoch and the media,

wherehy a certain lcon is required by civilisation at a certain time and everyone rallies round - newspapers, TV programmes, PR industry - to ensure that epiphany takes place?

Refining the questions further: is stardom active or passive? Are we talking about Designing Arnold, a man shaping his career with full self-will and self-knowledge, or Designer Arnold, a label formed in his name and with his material hy other

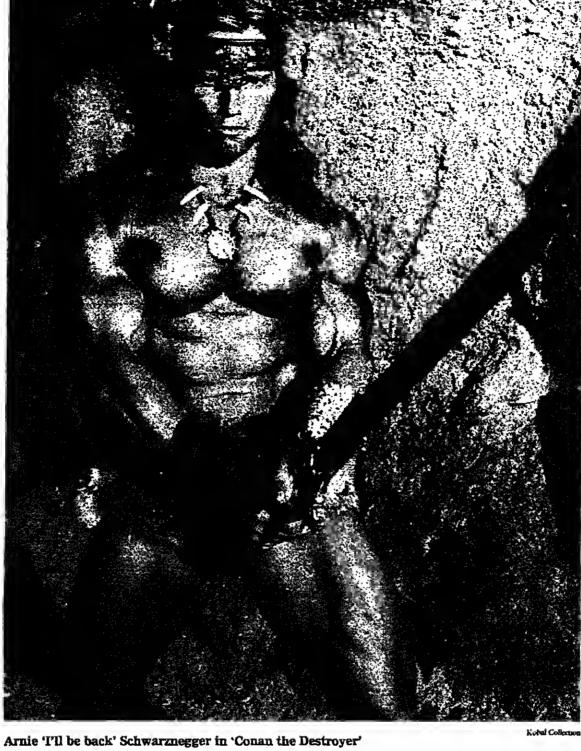
It is surely no accident that this star achieved eminence during a period in American and western history - from the late 1970s to now, or from Rocky and Conon The Barbarian to Terminator 2 and True Lies - when the image of male heroism was going through unprecedented fashions and upheavals. Popular cinema acted out a nation's or hemisphere's agonies first in the films of Sylvester Stallone, who brought the self-pity of the Carter era to his tormented heroes wading through the debris of Vietnam or Afghanistan; then in the unapologetic Reaganite gung-ho of Cinema Schwarzenegger. A quip, a grenadelauncher, a mission to save the world.

omething more, though intrigued me about Arnold's screen image. Wasn't that semi-rohotic impassivity somehow prophetic? Wasn't this actor's persona the most advanced rehearsal yet for a movie future we can all see coming: when computer graphics make inroads not just on a film's design and special effects but on its human participants?

Film-makers already use digital means to change an actor's eye colour or to put a star's face on a stuntman's body or even to accentuate muscla highlights. What better arena than the world of the macho action epic for piling the Pelion of computer trickery on the Ossa of men who already look like human landmarks.
Today Arnold and "Sly" are still

grappling it out near the top of stardom's greasy pole, for all the attempts of younger, less militaristic stars to dislodge them. Only the two Toms, Cruise and Hanks, pose any current threat. True Lies was last year's highest-earning action film worldwide, while Stallone has climbed to \$20m per film, re-overtaking his rival as the highest-paid screen actor in history

Stardom, though, is not just a matter of having the right face (or body) at the right time. My interest was in how stars stay at the top, as well as how they reach it. How many people does it take - agents, publicists, lawyers, pushers, pullers - to protect



and defend the great person's "pole position"? In my experience it takes only a few, with a great deal of veto

At first I was assiduously discouraged from writing the book by Arnold's publicists, who declined to facilitate any of the interviews I sought with his closest movie industry colleagues. These I had to set up myself. Once, and only once, the Schwarzenegger support industry encouraged me to talk to someone. Arnold has long been unhappy with journalistic coverage of his father's one-time membership of a certain German political party heginning with "N". So Arnold's London lawyer

asked me late in my research: "Have

you spoken to Simon Wiesenthal?" I hadn't, so I did. In short: I wasn't given help in talking to the journeymen directors who threw together Last Action Hero and Junior, but I was offered help, even urged, to talk to the most famous war crimes investigator in human history.

It is just as dangerous, of course, to be given a little leeway as none at all by those who represent your subject. Since all research-management devices are suspect, the best solution, I decided, was to foreground those devices in the book. So True Myths began to be a hi-tech biography, in the architectural sense. The more plumbing it exposed, the better.

For this is all part of a celebrity's

other building work, overt or covert, goes into making a star: lots of other service pipes, light and heat ducts, concealed cabling. And of course when the public is not looking - lots of PR-assisted camouflage to make it all seem spotiess, seamless, serene, indestructible. This, after all, was the star whose eye on longevity, not to say immortality, was apparent from his earliest memorable movie utterance. "I'll be back."

story. No star ever came into the

movie world fully formed and hand-

huilt Mr Schwarzenegger. Lots of

\*True Myths: The Life and Times of Arnold Schwarzenegger is published by Bloomsbury (£14.99, 350 pages)

sexuality of art. Exhibition exploring

"Feminine-Masculine", three artists

of different styles produce works

between sex, the hody and sexual

differences: from Oct 25 to Jan 1

Robert Morris: retrospective of

the American Minimalist; to Oct 23 Centre National de la

Photographie Tel: (1) 53 76 12 31

uses motorists and tourism for his

Martin Parr. British photographer

Galerie Schmit Tal: (1) 42 60 36 36

Chagall. 60 paintings dating from 1824-1949 by artists such a Degas,

Gaugin, Picasso and Renoir; from Oct 24 to Feb 28

Staatstheater Tal: (0711) 2 03 20

La Damnation de Faust: by

Berlioz. Conducted by Gabriele

Ferro and directed by Luciano

Damiani. Sololsts includa Maniyi

Schmiege, Keith Lewis and Ludwig

**■ STUTTGART** 

**OPERA/BALLET** 

"La Femme"; from Corot to

that demonstrate the relationship

sexual identity and its effect on

Hybert, Quardona and

conjunction with the

inspiration; to Oct 30

Roudanko-Bertin: running in

twentieth century artists: to Jan 8

## Obituary

## Sir Kingsley Amis

ir Kingsley Amis, who ners and are woefully unable has died at the age of to deal with any social predica-73, came into his own as a writer in 1954 with his novel Lucku Jim and he remained in favour among a wide circle of loyal readers for the rest of his life.

He was a steadily industri-ous professional writer, producing more than twenty novels. He was also a wit, a mimic of genius, a convivial clubman, a lover of serious music and jazz, a film and science-fiction huff. a cricket enthusiast, a restaurant critic, a wine connoisseur, and a more than occasional poet and literary critic. His qualitles and wide range of interests are fully reflected in his characteristically abrasive memoirs, published in 1991.

Amis was educated at the City of London School before the second world war and went on to St John's College, Oxford. Contemporaries there included John Wain, Alan Ross, Edward du Cann, Philip Larkin - who became a lifelong friend - and the historian, Trevor Aston, Amis's Oxford career was interrupted by the war and service in the army, reflected in his novel The Anti-Death League. On his return to Oxford in 1947, he read a shortened course in English, secured a first, published poetry in little magazines, and went off to be a university lecturer in Wales.

He had married Hilary Bardwell in 1948 by whom he had a daughter and two sons (one hecame the novelist Martin Amis). The marriage was dis-solved and he married as his second wife, the author Elizabeth Jane Howard, in 1963. When that marriage was dissolved in 1983, Amis returned to live with his first wife and her husband in London.

He was knighted for his services to literature in 1991, and a Garrick Club regular at lunchtime where his sallies would send ripples of laughter among his cronies at the bar until they, somewhat reluctantly around two fifteen, made their way down to lunch.

After the publication of his icap-free: not even the elaborately first book. Amis could well have echoed Byron and said: "1 awoke and found I was famous." Like Childe Harold, Amis's Jim Dixon, a post-war lecturer in a provincial university, immediately became an icon. He was made to stand for the attitudes of a new generation. It consisted mainly of university graduates from humble backgrounds. "They do not go to the university to acquire culture," said Somerset Maugham, "but to get a joh, and when they have got one. scamp it. They have no manment. Their idea of a celebration is to go to a public house and drink six beers... They are

Maugham's remarks about Lucky Jim triggered a national debate. Others saw Dixon (and Amis) as a shining white knight, a new-style champion of honesty and integrity in his refusal to accept a perpetuation of the shams and snob beries and class-barriers of prewar England. With his contemporary John Wain, whose first novel Hurry On Down had appeared the year before, and with another legendary Jim -Osborne's Jimmy Porter - also blasting away against upper-class English mores, a new "movement" was born in the eyes of journalists. For the next decade we were in the era of the Angry Young Men.

Amis was by no means averse to profiting from the publicity and increased sales derived from such labelling. He made a cult of abrasiveness and was always ready to oblige with an article or a television appearance. But as his career developed with novels such as That Uncertain Feeling, Take a Girl Like You, One Fat Englishman, I Want It Now, it became clear that he had triumphantly survived his early notoriety and matured as a novelist of great resources in the area of social comedy. His place was with Waugh and Powell, as a comedian for whom purity of style and elegant sentence construction was always the supreme value whatever satirical target was in sight.

As a former teacher Amis liked to make his readers work hard as well as enjoy themselves. He was fond of taking over a traditional form like the pre-war detective story - as in The Riverside Villas Murders ral as in The Green Man - and adapting it to his own predilection for acute observation of contemporary manners.

His period as a lecturer in Swansea had given him an undying love-hate of the Welsh and the principality to which he often returned and re-used as a setting in his fiction, as in The Old Devils, awarded the Booker Prize in 1986. Old age and its disabilities provided him with some fine material for subsequent novels. Amis was a great admirer of both Chesterton and Kipling, about whom he wrote a study. His work like theirs is likely to be read for some time to come. His latest novel. The Biogrpaher's Moustache, was published this September.

**Anthony Curtis** 

# INTERNATIONAL

## AMSTERDAM

GALLERIES Rijksmuseum Tel: (020) 673 2121 The Portrait: drawings, prints and photos spanning some 500 years. Artists include Van Gogh, Rembrandt and Gaugin; to Oct 29 Stedelijk Tel: (020) 573 2911 100 Years: three axhibitions to celebrate 100 years of the Stedelijk.

On show is art from the Regnault Collection which includes the likes of Kandinsky, Chagall and Chirico plus specially commissioned work for the centenary; to Oct 29 OPERA/BALLET Het Muziektheater Tel: (020) 551

Moses and Aaron: by Schoenberg. A new production directed by Peter Stein and conducted by Pierre Boulez. Soloists include David Pittman-Jennings as Moses and Chris Merritt as Aaron; 8pm; Oct 23, 25, 28

**■ ANTWERP** OPERA/BALLET De Visamse Opera

Tel: (03) 233 6685 The Marriage of Figaro: by Mozart. A new production directed by Guy Joosten and conducted by Peter Erckens. Soloists include Boje Skovhus, Gillian Webster and Stephen Gadd; 7.30pm; Oct 25, 28,

Deutsche Oper Tal: (030) 34384-01

## Madame Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Semaritani; 7.30om: Oct 25

BERLIN

OPERA/BALLET

**■ BILBAO** GALLERIES Beilas Artes Tel: (344) 441 9536 Liebermann, Slevogt and Corinth: representatives of German

## **■ FRANKFURT**

Impressionism; to Oct 29

CONCERTS Alte Oper Tel: (069) 134 0400 City of Birmingham Symphony Orchestra: Sir Simon Rattle conducts Beethoven's "Symphony No.1" and "Symphony No.3"; 8pm; Oct 31

 State Orchestra of Dresden: Giuseppe Sinopoli conducts Busoni, Schoenberg, and Tchaikovsky; 8pm; Oct 30

## ■ LONDON

CONCERTS Royal Festival Hall Tel: (0171) 928

 Guitar Encounters: an evening of guitar, flamenco and Andean music

with John Williams, Paco Pena and Inti-Illimani; 7.30pm; Oct 24

The London Philharmonic: with mezzo-soprano Jennifer Larmore, bass José van Dam and the London Philharmonic Choir. Roger Norrington conducts Berlioz's "The Damnation of Faust"; 7.30pm; Oct

 The London Philharmonic: Gary Berkson conducts a selection of ballet classics; 7.30pm; Oct 27 GALLERIES

Heyward Tel: (0171) 251 0127 Art and Power: examination of the relationship between art and politics in thirties and forties Europe where culture became an arena for the struggle between Communism and Fascism; from Oct 28 to Jan 21 OPERA/BALLET English National Opera Tel: (0171)

632 8300 Carmen: by Bizet. Conducted by Slan Edwards/Michael Lloyd and directed by Jonathan Miller. Soloists include Louise Winter, Robert Brubaker and Janica Watson/

#### Cathryn Pope; 7.30pm; Oct 26, 29; Nov 1 ■ LOS ANGELES

CONCERTS Dorothy Chandler Pavilion Tel: (213) 365 3500 Los Angeles Philharmonic: with violinist Joshua Bell, Franz Welser Mäst conducts Hindemith, Sibelius

and Shostakovich; 8pm; Oct 26, 27,

## ■ MADRID

28 (2pm), 29 (2.30pm)

GALLERIES Prado Tel: (91) 420 2836 Frencisco Bayeu (1734-1795): 72

sketches by tha 18th century artist who was responsible for many of the frescos in the Royal Palace of Madrid; to Oct 29

#### MUNICH OPERA/BALLET

Bayerische Staatsoper Tel: (089) 22 Anna Bolena: by Donizetti.

Conducted by Fabio Luisi and produced by Jonathan Miller. The cast includes Edita Gruberova, elina Kasarova, Anne Salvan and Roberto Scandiuzzi; 7pm; Oct 30: Nov 2

## ■ NEW YORK

CONCERTS Camegle Hall Tel: (212) 247 7800 BBC Symphony Orchestra: with violinist Nadja Salemo-Sonnenberg. Andrew Davis conducts Carter, Glazunov and Brahms; 8pm; Oct 25 Maurizio Poliini: pianist plays an all-Beethoven programma; 7.30pm; Oct 23

 Pittsburgh Symphony Orchestra: with flutist James Galway, Lorin Maazel conducts Gould, Mercandate, Maazel and Bartok; 8pm: Oct 27

 Pittsburgh Symphony Orchestra: concert performance of Wagner's "Tristan and Isoida" conducted by Lorin Maszel. Soloists include Carol Yahr, Heinz Kruse amd Falk Struckmann; 8pm; Oct 28

## PARIS

**GALLERIES** Centre Georges Pompidou Tel: (1) 42 77 12 33 Feminine and Masculine: the

■ VIENNA CONCERTS Gesellschaft der Musikfreunde Tel: (1) 505 1363

Baumann; 7pm; Oct 29

 Czech Philharmonic: with soprano Angela Maria Blasi and bass-baritone Thomas Quasthoff. Gerd Albrecht conducts Eben, Mahler and Dvořák; 7.30pm; Oct 28, 29

OPERA/BALLET Wiener Kammeroper Tel: (1) 512

0100 The Turn of the Screw: by Britten. Conducted by Edgar Selpenbusch/Joan Grimatt. Soloists include Mark Duffin, Olga Schalaewa and Felix Purzner/Ingo Petersen; 7.30pm; Oct 23, 25, 28, 30; Nov 1

#### ■ WASHINGTON CONCERTS

Kennedy Center Tel: (202) 467

 National Symphony Orchestra: with planist James Tocco. George Manahan conducts Debussy'a "Iberia", Stravinsky's "Concerto for Piano and Wind Instruments" and Rachmaninov's "Symphonic Dances"; 8.30pm; Oct 24 National Symphony Orchestra: Sir Neville Marriner conducts Bartók. Mozart, Nelson and Beethoven;

8.30pm; Oct 26, 27, 28 Pittsburgh Symphony Orchestra: with violinist Hilary Hahn. Lorin Maazel conducts Mendelssohn and Bartók; 8pm; Oct 25 Pittsburgh Symphony Orchestra: with pianist Hae-Jung Klm. Alexander Dmitriev conducts

Tchaikovsky's "Piano Concerto" and "Symphony No.4"; 8.30pm; Oct 30 GALLERIES National Museum of Women in the

Arts Tel: (202) 783 5000 Julia Margaret Cameron: the Mia album. 19th century photographs including portraits of Alfred Lord Tennyson and Sir John Herschel; to Oct 29

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07.00 FT Business Morning

NBC/Super Channel:

European Money Wheel Nonstop live coverage until 14.00 of European business and the financial

17.30 Financial Times Business Tonight

markets

Midnight Financial Times Business Toniaht

## Cutting taxes is not a crime

am amazed that so many people recoil in horror at the Republican plan to cut taxes by about \$245bn over the next seven years. The liberal (left-leaning) establishment is more opposed to tax cuts than to spending restraint or budget balance - and it does not like these nostrums.

My view is that there is always a prima facie case for tex cuts. The only valid case for taxes is to finance the provision of "public goods" that cannot be provided by free markets. Economists can debate what exactly should count es a public good, but they cannot possibly argue that most public spending falls into this category. Private markets undoubtedly can supply pensions, healthcare, educa-tion and much else oow in the public domain. The desirability of substantial tax cuts in the .US (and elsewhere) sbould -thus oot be in question.

When and how to lower taxes are, of course, matters of some delicacy. The Republican plan should not be misunderstood. It is oo more than a tokeo "down paymeot". Republicans promised tax relief in the Cootract with America, their manifesto for the 1994 elections, hut they have oot had time to devise comprehensive reforms. Really big changes, such as a flat rate income tax, are not feasible before 1997. But given this constraint, and the need to eliminate budget deficits, their proposals look reasonable.

The proposed tax relief is minuscule. A number like \$245bo sounds impressive. But it should be compared with expected gross domestic product over the seveo year period in question of almost \$60,000bn. The Republicans are planning to lower taxes by a grand total of 0.4 per ceot of GDP, equivalent to no more than a rounding error in the national accounts.

Nobody can construe this as fiscally irresponsible when the outlook is for moderate economic growth and low infla--tion. The cuts, moreover, will take effect only if the Congressional Budget Office, an independent arbiter, agrees that spending restraint is sufficient to attain the goal of budget bal-ance by 2002.



MICHAEL PROWSE

**AMERICA** 

Nor do I see any great flaw in the proposed composition of the fiscal relief. The largest element is a \$500 tax credit for childreo, which will cost \$141bn over seven years. The justification for relief in this form is that the tax burden on families with children has riseo sharply relative to that oo other households, owing to an unplanned decline in the real value of tax allowances for dependents. This makes little sense given that policy makers want to holster the nuclear

In the original House proposal, the credit was to be available for families earning up to \$200,000 a year. But the final legislation is likely to correspond closely to the bill approved last week by the Seoate finance committee. This limits the credit to singleearner families making up to \$75,000 and two-earner couples making up to \$110,000. The main beneficiaries will thus be the middle-income families that President Bill Clinton is so keen to belp.

There are a host of other measures including increased tax relief for student loans, an expansion of tax-favoured Individual Retirement Accounts and cuts in estate taxes for small businesses. But these are negligible in revenue terms. The remaining hig item - and ooe that infuriates most Democrats - is the proposed reduction in capital gains taxes. which would cost \$40hu over seven years and offer sizeable beoefits for afflueot families. The measure is seen as reprehensible when Republicans are paring back the earned income

Few Republicans object in principle to efforts to top up

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tax credit, a kind of negative

income tax for the working

the incomes of the poor. They agree the programme (which already covers about a third of families with children) should grow, but not quite as fast as under White House plans. Senate Republicans would increase spending on the earned income tax credit from \$24bn to \$32bn over the next seven years, against the White House target of \$36bn. They would set an upper limit for receipt of subsidies at a family income of \$30,200 rather than \$34,600 on present policies. Such households may oot be

ricb; but they are hardly living in poverty. Once again the Democratic scaremongering is unjustified. The economic case for cntting capital gains taxes, meanwhile, is quite powerful. Tax is currectly levied at a top rate of 28 per cent on the first dollar of gains. This is more severe than it sounds because there is oo indexation for inflation. If the inflatioo rate is 3 per cent and an asset earns a real return of 2 per cent, the effective tax rate on gains is 70 per

above 100 per cent. Such a tax almost certainly inhibits risk-taking while deterring the sale of assets. Capital, as a result, is not allocated efficiently. The Republiran proposal would allow investors a 50 per cent deduction oo gains, which would reduce the top rate to 19.8 per cent, ahout the same as in the early 1980s.

ceot. At higher rates of infla-

tion, the effective tax rate goes

This would bring the US into line with other countries, most of which tax gains less heavily than ordinary income. The UK indexes gains for inflation; other countries make a distinction hetween short and long-term gains: Germany, for example, does not tax gains on shares held for more than six

The Republican plan represents a modest first step on what is likely to be a long campaign to hring taxes down to sensible levels - such as those prevailing before the post-war expansion of the welfare state. The campaign is likely to be popular with voters - as Mr Clinton tacitly conceded in Texas last week when he admitted he had raised taxes too much in 1993.

decade or so before the Beatles were turned down for their first recording contract, Mr Joe Bamford had a similar experience at the hands of a credit finance house which decided he had "little chance of

expansion". The judgment was harsh even in the early 1950s - Mr Bamford, who had started his business on October 23 1945 at e rented lock-up garage in the Staffordshire town of Uttoxeter, was already expanding fast. Today, as J.C. Bamford Excavators (JCB) celebrates its 50th birthday, it seems singularly perverse.

JCB, still owned by the Bamford family, has grown into one of the few big success stories in postwar British engineering. It is hy far the largest UKowned producer of construction and agricultural equipment. Its name is so well known that it is commonly used in the UK to describe any excavator, in the same way that vacuum cleaners tend to be called "Hoovers".

Across Europe as a whole, it has more than 40 per cent of the market for backhoe loaders machines with a loading bucket on the front and an excavating "hoe" on the back. In unit terms, it is the world's fifth higgest producer of construction equipment.

JCB has achieved this promioence in spite of being pitted against some increasingly powerful multinational competitors, because of a rare combination of marketing flair, product development skills and careful financial stewardship.

Right from the start, Mr Bamford, who comes from a well-to-do Staffordshire family with a history in agricultural machinery going back to 1871, kept spending under close scrutiny. As a new hook\* on the company recounts, one important aim of his product designs was to use fewer parts than competitors' machines. Parts are money. Better to keep it simple," he says.

The company has coosistently ploughed all its profits back into the business, with a very high rate of investment in products and facilities. It has stayed deht-free, relied almost totally on organic growth, and resisted any temptation to go public or diversify out of construction or agricultural equip-

"People worry about the [construction equipment] cycle, so they huy something to counter it," says Sir Anthony Bamford, who took over from his father as managing director on new year's eve JCB has confounded an early judgment to reach its 50th birthday, says Andrew Baxter

# A simple story of success



1975, and was later appointed chairman. "Before long, you've got a conglomerate. We plough our own furrow, still selling our vellow machines."

It came closest to hranching out of construction equipment in 1985 when it emerged as a suitor for Land Rover. But the company felt that restructuring the off-road vehicle producer could have created financial and management strains. and negotiations eventually fell through. The marketing flair of senior

management has been another factor behind JCB's success. Its early history is littered with examples of Mr Bamford's showmanship, in the mid-1960s, having hit on the idea of putting a kettle in the cab of a new model so that operators could make tea, he visited the first 100 operators in his Rolls-Royce to hand them their kettles personally. He even had JCB management dressing up as handsmen for a product launch, while the real band played behind the scenes.

The stunts and the image building had a serious purpose. however. The JCB Dancing Diggers, a choreographed rootine that has become a regular feature of equipment shows and trade fairs, were designed

to show off the potential of hydraulic power and helped sell machines.

Moreover, virtually every aspect of JCB's marketing made the company appear larger than it was. The "David and Goliath thing" has been a strong motivator at the company, says Sir Anthony, who has earned a solid reputation in his own right for developing the business since taking over the reins. "Our competitors are principally much larger US and Japanese companies, and there's no reason why we can't be as good as them. That has heen hehind our attitude of

pushing all the time." Observers point out that Mr Bamford's flair for marketing was coupled with exceptional engineering skills. According to Mr David Phillips, managing director of the London-based Off-Highway Research consultancy, the combination was "pretty well unique" in the UK.

JCB was also an early believer in exporting. But it focused on continental Europe in particular France - rather than the Commonwealth countries favoured by most UK. engineering exporters in the'. 1950s and 1960s.

Sir Anthony admits that this was less due to any far-sighted strategy than because "Europe was generally the cheapest place my father could get to". Nevertheless, Europe - including the UK - now accounts for about 65 per cent of sales and

is viewed by JCB as the compa-

ny's "home market". The fact that the company has remained in family control has also helped its development, its founders say. This is because its unbureaucratic culture has helped it to react rapidly to changes in market

Sir Anthony says JCB could still have been successful as a public company, but less so than it has been. "Decisionmaking is quicker here, and executives do not have to spend 40 per cent of their time talking to the City."

Going public would have given JCB access to equity capital, and might have enabled it to expand more quickly. But the Bamfords did not want to run the risk of being taken

Crucially, JCB has avoided saddling itself with debt. Soon after he started the company following an early career that included a spell selling Smartfix hair cream - Mr Bamford nearly lost it when the local bank manager gave bim a

weekend's notice to pay off a tiny overdraft. He determined never to get into a similar sim ation again.

JCB now has substantial amounts of cash in the bank According to Sir Anthon There have been a couple of occasions when we have borrowed, and I have felt messy

JCB's financial strength helped it get through the last recession without falling into the red, while its size has increased its bargaining power with suppliers, helping it to hold component costs down As one large subcontractor says: "They are happy to work with us and are very support ive - but it's all aimed at getting prices down even further."

ir Anthony, whose 50th birthday coincides with today's anniversary says JCB is well on its way" to achieving his ambition of becoming as big in its home market of Europe as the industry's two largest manufacturers - Caterpillar of the US and Komatsn of Japan - are in theirs. For this ambition to be fulfilled, JCB would need to more than double its European market share to 35 40 per cent. compared with about 16 per cent in unit terms at present.

The company'e ability to enetrate the German market which accounts for about 40 per cent of total European con-struction equipment sales, has been significantly enhanced in recent years, partly because of a joint venture signed in 1991 with Japan's Sumitomo Con

struction Machinery.
Sir Anthony is adament that JCB - whose sales may reach \$1bn this year - can continue growing without changing its ownership structure. "We don't need more capital, and we could borrow if we ever wanted to buy a business," he says.

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Nor does he see any need for the company to begin producing machines in its own right ontside the UK, which, he says, is still a very good manufacturing base. It may, however, seek to expand its presence in far stern markets.

Meanwhile, the man who started it all, Mr JCB, retains a passionate interest in the company's product development strategy. Now 79, he still makes impromptu, often productive, visits to the compa ny's design departments. The JCB Robot, an innovative new loading machine launched in 1993, is based on one of his

\* JCB - The First 50 Years. by John Mitchell, Special Event

#### LETTERS THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages,

## Asean free trade area doubts | No value in

From Mr Dean A. DeRasa. Sir, Your correspondents, Kieran Cooke and Peter Montagnon, are to be commended for their article "A liberal pinch of eastern spice" (Octo-her 16), discussing Asean and its intention to forge more liberal trade in sonth east Asia through the establishment of the Asean free trade area. In a recent study, Regional trading arrangements among developing countries: the Asean example (Research Report 103, International Food Policy Research Institute, Washington, DC), 1 find that trade liberalisation by the Asean countries following the most-favoured-nation principle, which underlies the Geoeral Agreement on Tariffs and Trade and the World Trade Organisation, implies substan-tial gains for five leading south east Asian countries (Indonesia, Malaysia, Philippines, Singapore and Thailand). Their combined trade with

the world, for example, is estimated to expand hy 8.5 per cent, or \$9.1bn (at 1988 prices). A troubling aspect of my quantitative results, however, is the additional finding that if the Asean free trade area is implemented on the preferential basis called for under the common effective preferential tariff scheme, which is the central feature of the new regional trading arrangement, the bloc's trade with the world is expanded by only 2.3 per cent, or \$2.4bn. Moreover, discrimi nation under the preferential tariff scheme produces only bare improvements in the real income and economic welfare of most Asean countries. Finally, preferential trade

liberalisation results in little reduction of the bias against agriculture in the region, which arises from the higher protection for industry than agriculture in several Asean

whether the Asean free trade area will truly be implemented on an unconditional most-favoured-nation basis. Despite some general language in the agreements establishing an Asean free trade area and statements by Asean trade ministers suggesting commit-ment to multilateralism and "open regionalism", strong support in south east Asia for preferential trading arrangements, and the preferential tariff scheme by which the new free trade area is to be imple mented, suggests that trade discrimination rather than the most-favoured-nation principle is the maxim by which the Asean free trade area should be described.

Dean A. DeRosa, research fellow. International Food Policy Research Institute 1200 17th Street, NW. Washington, DC 20036-3006, US

poor option schemes From Mr Peter M. Brown. Sir. The proposed profit-re-lated pay and option schemes for Britain's Nnclear Electric may pose safety risks, but there are examples at equally safety-conscious employers the Civil Aviation Authority and at least one of the privatised rail bidders - where safety atandards themselves

trigger merit awards.
Thoughtful private sector employers now realise that crude annual profit measures that do not also enhance customer care and goodwill, even if it is not shown on the balance sheet, may not deliver long-term shareholder value. Peter M. Brown, Top Pay Research Group, Upper Ground Floor, 9 Savoy Street, London WC2R OBAL UK

## Dumping policy needs pragmatism, not ideological prejudices

From Mr LJ. Blakey. Sir, I was interested in your article Pressure grows for EU to overhaul dumping policy" (October 19).

As both consumers of raw materials subject to antidumping duties, and as a "domestic industry" seeking protection from dumped imports of competing products (oot to meotion as victims of aoti-dumpiog measures imposed on our exports to tive remedy against surges in

producers are perhaps uniquely placed to reach a balanced view on this subject. To couch this dehate in

terms of "liberalism" versus "protectionism" is not helpful to EU manufacturing industry. The competitiveness of the EU's manufacturing base will be eroded if otherwise efficient industries are deprived of the ability to seek swift and effec-

north American markets), steel producers are perhaps uniquely placed to reach a balon imported feedstock, the higher the weighting that should be given to thet sector's needs within the assessment of Community interest.

What manufacturing industry needs from EU trade policy is efficient, transparent and unbureancratic investigations, with pragmatic and balanced results. It does not need

increasing politicisation of trade law, whether in the form of Commissioners hringing their own ideological prejndices or geopolitical consider-ations to hear, or unseemly horse trading between Member State governments. I J Blakey.

director general, British Iron and Steel Producers Association, 5 Cromwell Road, London SW7 2HX, UK

## Back to drawing board before monetary union likely in Europe

From Mr Tim Readman. Sir, It is regrettable that so much time since the fall of the Berlin Wall has been lost in the great EU red herring of Maastricht. Professor De Grauwe ("An easier road to Emu", October 17) and Mr Avi-nasb Persaud (Letters, October 18) have, like so many UK politicians also, overlooked the main issue.

History already instructs us that German support for the French-inspired Treaty of Maastricht was the French price extracted from its partner for allowing German reunification to proceed unfettered.

However, with Emu as a pre-cursor to the final French Lilliputian victory - political union

- Chancellor Kohl carefully reserved two trump cards. The first, that France, along with all other potential Emu members, must meet the economic convergence criteria by 1997 and the second, that the Bundestag must ratify the sacrifice of the D-Mark.

The political likelihood of

either event happening recedes with each passing month as recent problems with the French franc and the growing internal German debate demonstrate. In its present form, Maastricht's days are num bered and therefore Europe will have to go right back to the drawing board before monetary union can become real-

We should therefore prepare for the post-Maastricht melting pot where Britain can make a real contribution.

Britain has the oldest democratic tradition in Europe while postwar Germany has demonstrated how effective a new democracy can be. The glaring flaw in the EU is that it is anti-democratic.

Power lies not with elected representatives but with appointees of national governments all seeking to preserve their national interest. In our name, the Council of Ministers disposes of a huge annual budget over which there is no direct democratic control or accountability. Were there some, dislike of Brussels would not be so widespread among the peoples of the EU. Together with other like-minded countries, Ger-

many in particular, we must set about creating a new framework for an economic Europe with a strong, democratic centre and a constitution that will enshrine the principle of subsidiarity while providing a democratic path for further integration if and when Europe's peoples, rather than their local politicians, will it. Tim Readman Trinity Research and Management, New Hall. Landermere,

Thorpe-le-Soken Esser CO10 ONH, UK

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# هكذامن الأحبل

## FINANCIAL TIMES

Number One Southwark Bridge. London SE! 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Monday October 23 1995

## The future of the alliance

For the second time in just over a year, Nato faces an unscheduled change of secretary-general. Neither the untimely death of Man-fred Wörner last year, nor the Belgian parliament's declsioo to lift Willy Claes's immunity from prosecution last week, could be attributed to the alliance's problems. Yet the lack of continuous leadership highlights, and may aggra-vate, the troubles of an organisation whose role in the post cold war world remains hard to define.

Nato may be deemed to have won the cold war, at least in the sense that the threat it was set up to deter - that of a Soviet aggression against western Europe remained implicit rather than explicit, and eventually disappeared. That left Nato the victim of its own success: a defensive alliance without an enemy. In theory there is nothing wroog

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with that: a permanent alliance which deters third parties from attacking its members must be preferable to one that has to be cobbled together. But in practice alliances are more difficult to manage when the need for them is not immediately obvious.

The allies are less willing to set aside their fraternal quarrels. The alliance machinery grows rusty with disuse, or is used for tasks heyond its original remit, giving rise to controversy and exposing itself to damage. Without an identified enemy, the distinction between members and non-members becomes invidious and difficult to explain. There is a risk that the alliance's activities especially if they include expanslon of its membership - will arouse enmity rather than deter-

Divisive speculation

Nato is experiencing all those problems. The extent to which it should remain US-centred, or evolve into a more balanced partnership between north America and an integrated Europe, remains controversial. The strength of the US commitment to European security. In the absence of a clear threat, is the subject of much divisive speculation. The dispute between Greece and Turkey, which has long taken up far too much time and energy, has now escalated to the point where it obliges Nato to operate without a proper budget, and may sabotage date in a different organisation.

## Windfall and feelgood

While Mr Kenneth Clarke, the chancellor, ponders how to cheer up the electorate in next month's Budget, the private sector appears keen to offer him off-balance sheet help. Yorkshire Electricity is giving its shareholders a secood special dividend in less than a year. Flotatioo of the National Grid will generate a £50 electricity rebate next year. And following Lloyds Bank's takeover of Cheltenham & Gloncester, Abbey National's offer for National & Provincial, and the Halifax-Leeds merger and flotation, windfalls approaching £15bn will fall into the laps of huilding

Union is expected to give policy-holders a bonus if it decides to float. Will this help produce the feelgood factor that has been so conspicuously lacking in an other-

wise buoyant recovery?

Much hinges on the timing and nature of the windfalls, and on the response of recipients. At one extreme is the regional electricity companies' rehate, which will reduce the average household electricity bill by 60 per cent. Common sense suggests that much of this will be earmarked for consumption, not least in poorer households, which have a low propensity to save. That was presumably the intention of ministers, when they pressed the companies to remedy the unbalanced division of spoils between consumer and shareholder on privatisation.

Interesting conundrum

to shareholders. These are small, in relation to the total of all the windfalls - £180m in Yorkshire Electricity's case - and a majority of the money will anyway go to pension funds, which are incapable of either feeling good, or pass-

The really interesting conundrum arises with the biggest numbers, which relate to the building societies. At first sight, a windfall of £15bn looks large in relation to the £3bn or more of tax cuts which independent forecasters expect in the budget. Yet direct comparison is misleading. In theory a shift from mutual to proprietary share ownership changes little: building accieties and mutual insurers remains a matter for conjecture.

the "Partnership for Peace" programme under which the alliance is trying to organise co-operation with non-members.

Since the cold war ended, Nato has sought to justify its existence by expanding its activities both functionally and geographically. Three years ago it announced its availability for peacekeeping or peace support" operations. That offer may now be put to the test if the promised peace in Bosnia materialises.

Bitter recriminations

Meanwhile, the alliance has found itself acting as an enforce ment agency in support of a UN force in Bosnia, with rules of engagement so complex, and chain of command so tortuous, as to cause bitter recriminations among the allies. The cold war notion of "out of area" (meaning that Nato should not operate outside the territory of its member states in Europe or north Amer ica) has been quietly dropped. The dispute over enlargement

has so far been finessed by a series of delaying tactics, but is about to enter a more acute phase. Russian hostility has been aroused - or at least a plausible theme has been provided for Russian xeoophobes to exploit. The expectations of central European candidate members have been raised, and the anxieties of states closer to Russia, deemed ineligible for early membership, correspond-ingly helghtened. Nato may well end up with the worst of all worlds, contributing to a general atmosphere of tension and insecurity in eastero Europe instead of projecting stability" as the advocates of enlargement aim to do.

The new secretary-general will not by himself be able to solve any of these problems. They require clear thinking, imagination and strength of resolve from the leaders of the most important member states, above all the US. But the secretary-general can be a valuable source of Ideas, and be (or she) can do much to ensure that member states remain conscious of the wider interests of the alli-ance as well as their national grievances. The post is too important to be given in consolation (as bappened last year) to a small country which failed to secure a different job for a different candi-

# already form part of the personal sector's total wealth. Yet in prac-

society savers and borrowers.

The bahlt may now be spreading to mutual insurers, since Norwich

At the other end of the spec-trum come the special dividends ing on a feelgood factor.

tice those who receive cheques through the post may not see i that way. The real question is whether they regard the bonns as a genuine windfall, to be hlown on instant consumption, or a one-off addition to their stock of wealth.

Evidence from earlier flotations such as those of the TSB Group and Abbey National suggests tha depositors who become private shareholders quickly become net sellers of shares to the investmen institutions. But that may simply be a rational response to a tax system that encourages people to save through tax-privileged home ownership and pension funds.

Lifetime patterns

More plausible, if generalised evidence comes from established lifetime patterns of borrowing and saving. Most people borrow (or dissave) early in life, and save more in middle age and, to a lesser extent, in retirement. This is consistent with economic theory, which suggests that people tailor their consumption according to their perception of average income over their lifetime.

It follows that if people feel that their wealth has been increased by windfalls, they may limit the impact on consumption by spreading it into the future. Moreover. the chief building society baneflclaries are savers rather than borrowers, so the gains are, by definition, going chiefly to people in age groups with an above-average propensity to save.

Perhaps the most plausible argument for thinking that people will not treat these windfalls like tax cuts is that they will have learned a lesson from earlier wealth shocks, notably in housing. Windfall gains to home owners have been dramatically eroded since house prices started to fall in the present decade. And with personal sector indebtedness still very high, the best use for a cheque or share proceeds from the building society will in many cases be to pay down an excessive burden of debt. No doubt windfalls can enhance an existing feelgood factor, but whether they can create one when people are plagued with worries about job insecurity and declining honse prices

taly is lurching towards a new period of perilous political instability.

Mr Lamberto Dini, the country's 54th postwar prime minister, may not survive a vote of confidence in parliament this week brought by the rightwing alliance headed by Mr Silvio Berlusconi.

Even if Mr Dini does survive, his eight month-old govarnment, composed of non-parliamentarians, lacks the authority to last long. Few now believe that another

general election can be delayed later than March. The election cam-paign has already begun and the divisions in parliamant are such that it would be surprising if any further substantive legislation can get through this legislature. The political climate has changed

so swiftly that even the fate of the 1996 budget - 10 days ago considered certain to pass through parliament - is in doubt. The Berlusconi alliance is now committed to vote against the budget. It can muster a majority if it is supported by Reconstructed Communism, a party formed from the hardline of the old Italian Communist Party. The stance of Reconstructed Communism'a 24 deputtes will also be crucial in determining whether this week's confidence vote hrings down the government.

The privatisation programme looks certain to be another victim of the present turmoil, perhaps even the relatively simple and non-controversial sale of up to 20 per cent

of ENI, the national oll group.

Nor are the financial markets likely to be sanguine about the turn of events. In the past three years, pressure on the lira has been one of the few elements forcing the pollti-cians to their senses. But this time the national interest seems a long way down most politicians' list of

The next general election will be the third in four years. Between the dissolution of parliament, the election campaign and the formation of a new government almost six months elapse. For Italy's interna-tional partners this means the Italians can at best play a limited and distracted role when assuming the six month rotating presidency of the European Union in January. At home, important policy decisions and reforms - not least tough economic decisions to bring Italy into line with the convergence criteria of Maastricht - will inevitably be delayed. The climate in which the next

election will be held risks heing chaotic. The existing electoral laws, introduced in 1993, are an unsatisfactory mix of the proportional (25 per cent of the seats) and the first past-the-post system. No anti-trust laws have yet been introduced to regulate Mr Berlusconi's use of the three television channels he owns

A crisis of confidence

Italy's 54th postwar prime minister may be toppled this week by a vote in parliament, says Robert Graham



minister Lamberto Dini (ceotre) and president Oscar Luigi Scalfaro (right)

for his own political ends.

Mr Berlusconi himself is due to

go for trial in January on charges of corruption related to bribes paid to the Guardia di Finanza financial police while running his Fininvest empire. He is bound to be tempted to turn the alection into a referendum on his judicial position.

More serious, President Oscar Luigi Scalfaro, the ultimate political arbiter with the role of dissolving narliament and nominating a new prime minister, has been badly damaged by what has become known as the Mancuso affair.

This is the extraordinary series of events centred on last week's removal of the justice ministry portfolio from Mr Filippo Mancuso. This is what prompted the Berlusconi alliance to table its no confidence motion, hence triggering the pres-Mr Mancuso last week allowed

unread parts of a text of his defence

cootained inflammatory insinua-tions that Mr Scallaro had yet to account for the use of secret funds while running the interior ministry in the 1980s.

These insinuations have already led to talk of the head of state's possible impeachment. Certainly the rightwing alliance will be out for Mr Scalfaro's scalp.

The latest polls indicate the rightwing alliance including Mr Berlusconi's Forza Italia and the National Alliance of Mr Gianfranco Fini, can muster around 47 per ceot of the vote. This would give it a slim majority over the centre-left, headed by the Party of the Democratic Left. But it would be hard to envisage the newly elected govern-ment lasting a full five-year term because of the large number of maverick groups and the tensions within the existing alliances.

The right has to resolve whether Mr Berlusconi, already responsible ment and with serious jodicial prob-lems, should remain its leader. Similarly, the centre-left looks increasingly uncoovinced by the leadership of Mr Romano Prodi, the former head of IRL the state holding com-

The cynics might say such instability is nothing new and Italy has always coped by showing great flexibility and ingenuity in crisis.

But many believe the present situation is particularly serious. There is a vacuum of leadership; all the institutions have had their credibliity dented; and Italy's model of parliamentary democracy is manifestly failing without any convincing effort to overhaul it.

The saga of the Dini government eloquently illustrates this. Formed in late January by Mr Scalfaro, it was a last-ditch attempt to prevent general elections for the second time in a year. Mr Dini's parliamenunread parts of a text of his defence of the press. These for one disastrous period in govern-left parties who were too divided

among themselves to form a govern

Initially the experiment of a technocratic government without a political colour suited almost everyone save Mr Berlusconi, who wanted a quick poll to recoup the premiership he lost in December

With considerable skill Mr Dini took advantage of the unwillingness of most politicians to face an early poll. But he was always no stronger than his parliamentary masters

allowed. The reform of Italy's costly state pensions system, agreed just before the summer, achieved what a succession of previous governments had failed to do. But the measures were far from radical and reflected his need to retain the backing of the left and the trades unions.

he same applies to the 1996 budget, presented at the end of September. It seeks to find L32,500bn in fresh revenues and spending cuts in order to cot the public sector deficit from 7.4 per cent of GDP to 5.9 per cent. This is insufficient to meet the convergence criteria of Maastricht by the end of 1998. But politically Mr Dini

was unable to be tougher. Originally Mr Dini's limited man-date was considered unlikely to last beyond this autumn, with general elections before the end of the year. However, he acquired a taste for power and was eocouraged to stay on by President Scalfaro, who nursed the idea of forming a new Christian Democrat-style centre that would be the arbiter of Italian politics. His initial four-part agenda was easy to expand and, briefly this autumn, Mr Dini created the optimistic impressioo it would be possible to hold elections after the Italian EU presidency.

But Mr Mancuso, the justice minister, has exploded this scenario. For months he has been antagonising the centre-left parties by pursu-ing a vendetta against the country's investigative magistrates, especially those leading the anti-corruption drive in Milan. Since September he has raised the stakes by defying Mr Dini and the centre-left to stop him.

The Party of the Democratic Left, which last week went ahead with the separate no confidence motion against Mr Mancuso that triggered the present crisis, claims there was no telling the damage he might do if allowed to continue in office. However, it badly miscalculated the degree of Mr Mancuso's vindictiveness and the consequences of a jus-tice minister making damaging allegations about his own prime minister and head of state. As a result, the country is con-

fronting its most serious postwar political crisis. There are unlikely to be any winners.

## Time to correct the UN's weaknesses



days, more than 150 ment will visit New historic 50th general PERSONAL United Nations. Yet VIEW \_\_ the present mood in UN beadquarters is scarcely one of

The world organisation's many peacekeeping and peace enforcement successes have been overshadowed by events in Somalia, Rwanda and Bosnia - calamities that the UN could not adequately deal with.

The vastly increased demands for peacekeeping and humanitarian aid are seen by poorer countries as a threat to the development assistance they depend on.
In spite of the efficiency measures that have been carried out over the past few years, there is a daily barrage of criticism - especially from the American right - about the

UN's ineffactiveness, bureaucratic And the refusal of the US Con-gress to fulfil the US's international

plunged the organisation into the world had ever seen, that would dian proposal for establishing a nomic and social council by someworst financial crisis in its history. Still not make it capable of handling rapid reaction capability that would thing smaller and stronger; creating beads of govern- Indeed, the world's leaders may the many and varied demands be immediately available whan a volunteer standing force, directly even have their anniversary events joited tomorrow by a warning by Mr Boutros Boutros-Ghali, the secretary-general, that tha UN faces

imminent bankruptcy.

Even supposing this fiscal crisis is avoided, there remains a widespread feeling that the organisation is in deep trouble.

Yet the changes needed to correct the UN's present weaknesses can only come about through the actions of governments themselves. They are, in effect, the shareholders of this global corporation. And it is the decisions they take that will determine what is changed.

It is helpful to divide the proposals for reform into three categories. The first comprises suggestions for improving the efficiency and quality of the UN agencies and offices, and for eliminating waste. Such reforms ought to reduce

some of the political hostility directed at the UN. But even if the world body were turned into the most austere, high quality and obligation to pay its dues has smoothly running organisation the

placed upon it. Cleaning out the sta- called for by the security council. at the security council's disposal, to IDS. DUL IT 15 00 51

real changes.
The second category takes in the many other ways of enhancing the UN's capabilities that could be implemented by administrative restructuring and innovation, or by

There is daily criticism of the UN's ineffectiveness. top-heaviness and poor personnel

the member states simply agreeing to amend procedures. In the field of international security and peacekeeping, for example, the security council could ensure that clearer distinctions were made in the mandates for the very different types of operations - peacekeeping, peace enforcement, peacehuilding - that it authorises.

Nations could endorse the Cana-

gathering of information about deteriorating crises, and more systematic preventative diplomacy, could be devised.

Ways might be found to bring the

Bretton Woods agencies into a closer consultative relationship with the UN programmes dealing with development. Member states might also be able to hammer out a co-ordinated response to the issue of "failed states", devising measures between the refugee camp and normal development processes. None of these would require significant tecture, or involve amending the charter.

Finally, there are the politically tricky - but vitally important changes needed to make the UN more representative, legitimate and effective. These include: adding new permanent and non-permanent members to the security council, modifying the power of permanent members to veto council decisions: replacing the UN's ineffectual eco-

et urgent crises; and giving the UN its own source of funds, such as a levy on foreign-exchange transactions or international air tickets. Agreement on these points - if it

is ever possible - will take years to achieve. Many governments will probably prefer to tackle the less controversial issues - and it would do much to improve the UN's prospects if they successfully did so. But it is crucial that the greater challenges are not summarily dismissed. After all, the world's governments have only one chance to measure the first half century of their own organisation's record, and to ponder how to make it more effective. That moment has come.

## Paul Kennedy

The author is professor of history at Yole University and was co-director of the secretariat to the independent working group on the future of the United Notions.

## **OBSERVER**

## Cultural liability

■ Deutsche Bank has become used to making waves. The latest embarrassing ripple from Germany's premier bank concerns the appointment of the ontspoken widow of Willy Brandt, former German Social Democratic Chanceller, as head of its cultural and social department. Brigitte Seebacher-Brandt, 49,

positively courts controversy. Just as her appointment took effect last week, her latest book - a series of profiles of prominent Germans -made headlines which must have been anything but welcome to the bank. The reason was an attack on Berthold Beitz, the respected 82-year old former boss of the Krupp engineering concern.

Unlike the other profiles, which had appeared in the daily Frankfurter Allgemeine Zeitung, the Beitz portrait was new. Calling him cold and high-handed, with "no trace of charm", she ignored Beitz's actions to save Jews and Poles from the Nazis during the war.

Why did Deutsche Bank appoint such a controversial figure, who has moved steadily to the right since her SPD days, to run its cultural sponsorship, historical and social activities? No doubt, it had not expected the unfavourable publicity that greeted her book at the Frankfurt book fair. But it is another sign that Deutsche Bank -

still smarting from the Metallgesellschaft oil trading and Schneider property debacles - has lost its once sure touch.

Missionary position A wonderful storm is brewing in Vietnam over a British trade mission to Hanoi, due to land early next month.

Despite being billed as a thoroughly British affair, led by no less a figure than minister of state, Lord Fraser of Carmyllie, representatives from BankAmerica and the Australia and New Zealand Banking group tag along are being allowed to tag along.

Maybe somecoe ought to warn the chaps back home that UK banks in Hanoi are fighting tooth and nail with these two over the tiny Vietnamese banking market. They are hardly likely to welcome such intense rivals arriving on such a mission. Nor is It enough to argue that, because ANZ now owns Grindlays, once a pukka British bank, it's all kosber. If that holds water then wby not invite BMW, given that it owns Rover?

History lesson

It was just a slip of the tongue but it may have a kernel of truth. When Karel Van Miert, the EU'a competition commissioner, started a speech in Bonn the other day he inadvertently addressed Germany's finance minister Theo Waigel as "Mr Chancellor". Nervous titters all round. especially wheo Waigel responded

by listing at considerable length all the European finance ministers past and present who had gone on to become heads of government. However. Waigel was quick to prove his loyalty as well as his wit hy saying his observations were in no way intended to fuel speculation over who ooe day might take over from chancellor Helmut Kohl. On the other hand, Waigel is increasingly seen as a front runner for Germany's top job if and when Kohl decides to go. He has the

advantage of a high profile and the experience of already being a party boss, heading the Bavarian-based Christian Social Party in Germany's ruling coalition. There are few members of Kohl's Christian Democratic Union in such a position, because the chancellor has always been careful to curb the power of his subordinates.

Six of the best

India's cricket team captain Mohammed Azharuddin has put his foot in it. Reebok had signed him up to endorse a new line of designer shoes and help it break into the Indian market. All was going well until a local paper in Azharuddin's home town of Hyderabad, which has a big Moslem population, carried a photograph of him

Many Moslems felt the cricket star should not have put his name which includes the Prophet's name and "Azhar", an appellation for Allah (God) - oo shoes, which in the Islamic religioo are considered lowly and unboly. The newspaper was flooded with angry letters and telephone calls and Azbaruddin a devout Moslem, has had to apologise and is reconsidering the Reebok connection. The affair has taken the shine off his victory over New Zealand last week when he was declared man of the match.

Dangerous ground ■ An elderly, overweight bishop was returning home across a marshy field when his feet started to sink under him. An anxious parishioner, spotting his plight, called the fire brigade. "Do not worry, God will take care of me", said the self-assured cleric. As he trudged on, his feet sank

deeper and deeper, and the fire brigade was re-called. Once again the cleric admonished his parishioners for not taking him at his word. A few minutes later he had sunk from sight.

While the bishop was glad to find himself in heaven, he was not particularly happy about the method of his arrival and took the issue up with his maker. "Why did you let me down in front of those unbelievers?", asked the bishop. "Let you down?", came the reply.

"I sent the fire brigade twice."

Ginancial Times

We have received the following

epistolary curiosity. Sir. I am

#### 100 years ago Editor scorns reader's letter

exceedingly annoyed that you have not inserted my letter under the heading "Transvaal Gold and Lydenburg". It is quite evident that aggricred Transvaal shareholders should not look to the Financial Times for the slightest help in bringing their opinions to the notice of their fellow shareholders. From to-day I have discontinued your paper and several of my friends are doing the same. J. Henry Gibson Mr J. Henry Gibson and his friends may do as they choose, For the benefit of our other . readers, we may mention that the communication to which this impudent letter refers was regarded as ineligible for publication - firstly, because its language was so intemperate as to border on libel, if it did not pass the boundary; secondly. because it was so verbose that it. would have occupied at least haif a column of the Financial Times; thirdly, that Mr Gibson sheltered his semi-libellous statements behind a "nom-deguerre". In view of the temperament of the writer, we congratulate ourselves on having wisely exercised the editorial discretion by consigning his previous letter to the waste-paper basket.



## FINANCIAL TIMES

Monday October 23 1995



Tel: 0171 495 5633 Fax: 0171 495 5634

Kantor takes tough stance at trade meeting

## China far short of WTO entry criteria, says US

By Guy de Jonquières in Harrogate, northern England

The US has accused China of falling far short of the requirements for memhership of the World Trade Organisation and has said that Beijing needs to negotiate more constructively if progress is to he made on its stalled application to join the WTO.

Mr Mickey Kantor, the US trade representative, said at the weekend that the world's leading trading powers were "deeply concerned about China's failure thus far to meet even the minimum

criteria" for WTO entry.
"I don't know of any major trading nation that's been impressed by the Chinese offer so far," he said.

We are all united in supporting China's WTO accession," Mr Kantor said at an informal meeting here of trade ministers and senior officials of the "Quad" powers - the US, the European Union, Japan and Canada.

"We look to China to respond to the clear essentials of the fundamental rules of the WTO." The timing of its admission was

**UN** gathering

Mr Clinton was the first of

more than 150 world leaders to

speak at the three-day commemo-

rative session, with an appeal for

a new international initiative to

comhat terrorism, drug-traffick-

ing and the spread of nuclear, hiological and chemical weapons.

However, he failed to give Mr

Boutros Ghali an assurance that

Washington would rapidly pay

its arrears of more than \$1.3bn to

the UN budget. While he prom-

ised to meet, in full, the US ohli-

gations, he could only assure the

assembly he was working to per-

suade the US Congress to do so.

and the high cost of memhership:

"The UN has not ended war. hut

it has made it less likely, and

helped many nations to turn

Mr Yeltsin was even more

forceful in his tribute to the UN

role, saying that it "can and

should become the main instru-

ment of huilding new interna-tional relations", and pointing

out that Russia Is meeting its

in a very pointed attack on US

policy in former Yugoslavia, the

Russian leader charged that the

UN security council was being

"relegated to the sidelines" of the

efforts to achieve peace in Bos-

nia. Russia was ready to support

the operation to implement a

peace agreement, he said, hut

only under a clear-cut mandate

from war to peace."

financial obligations.

He did seek to counter widespread US criticism of the UN.

Leaders in

dispute at

Continued from Page 1

"up to Cbina", be said. Mr Kantor's remarks are among the toughest recently by any US official in connection

with China's WTO entry. They follow a visit to China last week by Mr Ron Brown, the US Commerce secretary, and precede this week's talks in New York between US President Bill Clinton and President Jiang

Sir Leon Brittan, the EU trade commissioner, who chaired the Harrogate meeting, made clear that all the "Quad" powers agreed with the US that prospects for the stalled WTO negotiations depended on Beijing. look to a further response from China," he said.

Officials said that the ministers wanted to send a clear signal to Beijing about the importance they attached to the WTO talks. They agreed informally to seek to relay this message in future high-level contacts between their governments and Chinese author-

The officials said, however, that the ministers were unsure whether China was behaving

Mr Lamherto Dini, the Italian

prime minister, this week faces a

no-confidence motion brought hy

the rightwing alliance led by for-

mer premier Silvio Berlusconi,

with a limited chance of survival.

Some politicians in the centre-

left parties backing the eight-

month-old Dini government have

said it would be wiser to resign

before the vote. This, they said.

would make it easier for him to

lead an interim administration

with a hrief to prepare the coun-

try for an early general election.

Parliamentary leaders are due to meet today to decide the date

for the no-confidence motion,

introduced late on Friday. Three

days must elapse between regis-

tering the motion and holding

A factor affecting the timing is the hearing hy Italy's constitu-tional court on Tuesday on

whether to accept the case sub-

mitted last week hy Mr Filippo

Mancuso, the outgoing justice

minister, who was removed from

the justice portfolio last week

after a vote of no-confidence

against him in the senate hy the

Mr Mancuso has challenged the

validity of the senate's action. He

has been championed hy the

rightwing alliance and his dis-

missal led directly to Mr Berlus-

coni calling for a vote against the

FIEWEATHER GUIDE

centre-left parties.

the debate.

## Chancellor seeks to ease City tax cuts

By Gillian Tett

inflexibly because its leaders had

failed so far to focus seriously on

its WTO application, or because

they were divided over how to

tions hetween the WTO and

China since the summer. Though

talks were due to resume in

thought unlikely to do so before

December.
The "Quad" powers sought this

weekend to present a united front to Beijing, but they still

appear to differ over tactics.

The "Quad" ministers pledged

to co-operate more closely to

complete the unfinished business

of the Uruguay Round world

trade agreement and to hring into the WTO new issues includ-

ing the links between trade and

investment, competition policy

The ministers also agreed.

under EU pressure, to create an institutional mechanism for

transferring quickly to the WTO

negotiations on liheralising

investment recently launched in

the Organisation for Economic

government has

exhausted its mandate," Mr Ber-

lusconi said yesterday. "It has

hecome a political government

Despite disagreements in the

Berlusconi camp on the wisdom

of forcing a showdown, all party

leaders in the rightwing alliance

have supported the motion. It

was carefully framed to state that

Mr Dini had exhausted his "tech-

nocratic" mandate and that his

administration had become

overtly "political" and dependent on the centre-left parties.

appeal to the 24 deputies of

Reconstructed Communism.

formed from the hardline of the

old Communist party. Their sup-

port is crucial if the motion is to

pass. The party has lately

increased its attacks on the Dini

government hut it will not he

easy for them to he seen associa-

ting with the right.
Mr Fausto Bertinotti, the RC

leader, bas pledged to vote

against the 1996 hudget in line

with Mr Berlusconi's rightwing

alliance. That led commentators

to conclude yesterday that if the

Dini government survived the no

confidence motion, it would prob-

Financial analysts said yester-

day that the crisis on the budget

ably fall on the budget.

The wording was intended to

supported by the left."

Co-operation and Development.

and labour standards.

Dini threatened by

confidence motion

and budget vote

There have been no negotia-

His comments are likely to delight officials in the Treasury and Bank of England, following a meeting of his senior aides at

Treasury officials have been at pains in recent days to counter mounting demands from within the ruling Conservative party for

conference earlier this month. Then he strongly hinted at large forthcoming tax cuts, with a particular focus on the family.

Tory hackhenchers have warned that a failure to

announce appreciable tax cuts, including a reduction in the hasic rate, could prove electorally disastrous.

into line with the more Eurosceptical positions taken hy cabinet colleagues at the confer-

He dismissed the announcement hy Sir Alan Walters, former economic adviser to Baroness Thatcher, the former prime minister, that he will stand as a candidate of the Referendum Party of Str James Goldsmith in Mr Clarke's Rushcliffe constitu-

Although Sir Alan would have virtually no chance of overturaing Mr Clarke's 19,000 majority. such opposition would rekindle

Mr Clarke described as "fool, ish" speculation that Mr John Major, the prime minister, was close to agreeing to a commitment in the manifesto for the next general election to rule out

wbether he would resign if such a policy were agreed by cabinet. The government's decision to rule out entry before 1997 and reserve judgment following that was, Mr Clarke said, "the ouly sensible one in the national interest"

# fears on UK

and John Kampfnet

Dorneywood, the traditional country home of the chancellor, on Friday.

ented a shift of emphasis from his speech to his party's annual

Mr Clarke also signalled be would not be swayed into falling

lenging Mr Clarke on his economic record, although he said he had some "modest criti-

a single currency.

large tax cuts.

These demands may be fuelled again today if, as expected, preliminary estimates of economic growth in the third quarter of the year provide further signs that the pace of growth is slowing. Mr Clarke's comments pres-

Conservative divisions over Europe that had recently eased.

He refused to be drawn on

could have a negative impact on the stock market and lira. A crisis of confidence, Page 19

Mr Kenneth Clarke, the UK chancellor of the exchequer, yesterday sought to dampen City concern that next month's Budget would seriously damage pub-lic finances by reiterating his commitment that there would be 'no tax cuts if we can't afford

ency. Sir Alan said he was not chal-

cisms".

## THE LEX COLUMN

## Stet's wrong number

The mayhem in Italian politics may well derail the country's privatisation programme. However for the telecoms sector, at least, this could be a bless-ing in disguise. The delay would provide a golden opportunity to restructure the industry, so boosting the eventual sale proceeds.

In telecoms, as in so many other sectors, Italy has adopted a holding company structure that is more suited to the accumulation of managerial power than the advancement of shareholder value. At the top of the pyramid sits Stet, a state-controlled quoted vehicle. Stet, in turn, controls the country's main fixed and mobile telecoms networks plus a number of manufacturing, software and publishing husinesses - many themselves quoted. Stet's market capitalisation is about 20 per cent less than the sum of its

More than any other European telecoms group, Stet is crying out to be broken up on the lines planned by AT&T of the US. There is little industrial logic in keeping its manufacturing and services businesses yoked together, in fact, as competition grows they will increasingly get in each other's way. There is more logic in comnining Telecom Italia and Telecom Italia Mobile. But given that they were demerged in July, there is no point in keeping them under Stet's umbrella.

Splitting Stet up would not only lead to more focused management; it would also provide investors with a pure play on the different businesses. International investors are swamped hy European telecoms privatisations. Italy has everything to gain hy making its own as appealing as possible.

#### HK conglomerates

It would be easy to imagine there has been a change of heart at Hong Kong's sprawling conglomerates. After years of accumulating assets in areas as diverse as property, ports and telecoms, they are making moves to unhundle. New World Development is floating off China infrastructure projects and hotels; Hutchison Whampoa plans to float its Orange mobile phone husiness and Pearl River delta ports; Citic Pacific is considering listing Dra-

The potential henefits are clear. New World's share price has risen almost 60 per cent this year, as its plans emerged. Its infrastructure subsidiary is being issued at a racy price and is a means of passing on debt and funding ohligations from the parent Share prices since TIM flotation (rebesed)

company. Meanwhile, Hutchison has been huoved by its plans to float Orange, which was previously disissed as a hlack hole. in time, Wharf should follow suit with its cable and telecommunications husiness. This is holding back Wharf's earnings and share price, due to long pay-back periods, but would be highly attractive to

international investors. Nonetheless, investors should not get carried away in anticipation. Demergers are not being made to add shareholder value through more effi-cient management structures. Hong Kong's family-controlled conglomerates are more interested in power than short-term investment gains, since they have no plans to sell off their shares. Any spin-offs are likely to be opportunistic moves to off-load deht and capital commitments, so freeing up firepower for more conglomeration.

#### Medical devices

Long regarded as the poor cousins of the pharmaceutical industry, medical device companies are enjoying a merger frenzy of their own - though most of the activity has so far been in the US.

Fancy prices are being paid. Last week's \$1.7bn bid by Johnson & Johnson for Cordis values the target at 28. times forecast 1995 earnings and almost four times annual sales. Even that has not, so far, secured Cordis's agreement and with its shares nearly 10 per cent above the offer price, an improved bid looks likely. Rivals such as Boston Scientific and Metronic already trade on multiples of nearly 30 times next year's earnings.

Such valuations reflect the Industry's technological advances since the days when it relied on bandages and lotions. Johnson & Johnson's latest

bestseller is a stent - a metal scaffold ing used to stop arteries closing after surgery. Cordis makes the balloons through which stents are involunted and diagnostic products which would hroaden Johnson & Johnson's presence in the booming cardiology market. Increasingly, large healthcare companies see the marriage of threes and devices as one more way of appealing to managed care and hospi-

tal customers. The implications for European device companies are positive. Ironically, shares in Britain's Smith & Nephew fell last week because it has been seen as a rival target for Johnson & Johnson. But with strong positions in artificial hips and knees and instru-ments for keyhole surgery. Smith & Nephew may find itself drawn into the industry's consolidation.

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#### UK electricity:

The imminent demerger of the National Grid will be good for regional electricity company (Rec) shareholders not simply because they will receive shares in the group; the flotation will also trigger another round of financial restructuring. Once the remaining independent Recs have a clear picture of the effect of the demerger on their halance sheets, they will have no excuse to postpone gearing themselve up. As utilities with steady cashflows, they can support high levels of indebt-edness. Excess capital can be handed back to shareholders.

Yorkshire Electricity started the ball rolling last week with a £180m special dividend. But only one of the companies, Northern Electric, has yet taken the process to its logical conclu sion. Northern's pay-out of nearly £5 a share - dating from its scorched earth defence against Trafalgar House's hid - was initially viewed as excessively risky hy some investors. But shareholders are rightly recognising that its projected balance-sheet gearing of about 175 per cent is irrelevant. With operating profits more than three times interest plus preference dividend payments, the business is well able to finance its borrowings.

As the market has become used to Northern's higher indebtedness, the company's juicy yield has enticed shareholders back. The shares have climbed nearly 40 per cent from their low. Once the 97p preference share is added to the £8.65 ordinary share. investors have received more than Trafaigar was offering - and close to what Hanson paid for Eastern.



Star of the London Motor Show is Thrust SSC, the amazing car assembled by Richard Noble's team in a bid to raise Richard's world land speed record of 633,468 mph to a supersonic level. As with 1983's successful record challenge, TI Group is a founder sponsor of Thrust SSC, supplying Bundy brake and fuel

lines and Juhn Crane Polymer Engineering rotary wheel bearing seals mounted on an aircraft quality space frame constructed from Accles & Pollock specialised tubing. Thanks to them, Thrust SSC's driver, RAF pilot Andy Green, is set to bring the Nevada desert its first ever sonic boom in 1996.

Bundy and John Crane are two of TI Group's three core specialised engineering businesses, the other being Dowty. Each one is a technological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers. Worldwide.



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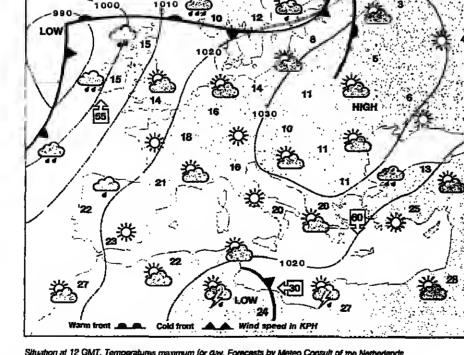
#### Europe today Rain will apread across Ireland and

Scotland as a low pressure system approaches from the Atlantic. Winds will reach near gale force in tha afternoon. However, England will remain dry. Unsettled conditions with occasional rain are expected in southern Scandinavia. It will be fair over much of tha continent as high pressure dominates. It will be sunny in Germany, the Alps, central and northern Italy, and along the Bay of Biscay. Eastern Spain will have a few light showers, while surmy conditions will prevail in southern Spain. There will be heavy thunder storms in

Tunisia and Malta. Cool air accompanied by northerly gales will move south across

## **Five-day forecast**

The British Isles and western France will have rain and southerty gales on Tuesday. The gales will spread across the low northern Spain will have persistent rain. High pressure will bring dry and sunny tions to central and eastern Europe



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We can't change the weather. But we can always take you where you want to go. ufthansa

Moscow Munich Nairobi Naples Nassau New York Nice Nicosla Osio Paris Perth Prague

